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11 MARCH 1987

## **Southeast Asia Report**

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11 MARCH 1987

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INDONESIA

DISSIDENTS ASK SUHARTO FOR CLARIFICATION ON BUSINESS MONOPOLIES

BK181223 Hong Kong AFP in English 1109 GMT 18 Feb 87

[Text] Jakarta, Feb 18 (AFP)--A group of prominent Indonesian dissidents have sent letters, made available Wednesday, to the country's State Assembly and to a presidential advisor querying a presidential statement on business monopolies.

The dissident "Group of 50" asked in their letters, dated February 10th, that a statement reportedly made by President Suharto on January 29th, be clarified in reference to the Indonesian Constitution "to avoid confusion and misunderstanding."

Copies of the letters, made available here, also contained a news report indirectly quoting Mr Suharto as saying the Constitution provided for the existence of business monopolies "if they were for the good of the people."

Business monopolies have become a front-page issue here, and the dissidents' letters also referred to an ASIAN WALL STREET JOURNAL series published last November which said that monopolies linked to Mr Suharto's family and business associates were "hobbling the Indonesian economy."

The letters asked for clarification of whether in fact, as reportedly stated by the president, Article 33 of the Constitution and the official explanation of it, which concerns the economy, really contain the principles of business monopolies.

The official translation of Article 33 says in part that "branches of production which are important for the state and which affect the lives of most peoples shall be controlled by the state."

The official explanatory notes say in part that if they are not under state control "the top management of production will fall into the hands of individuals who are in power."

Sources from among those who support the existence of monopolies reason that the government needs the investment capital of large private business groups and that they fill a gap in the economy between small businesses and wholly state-owned enterprises.

The letter to the assembly was signed by seven members of the group, including a former governor of Jakarta, a former ambassador to Australia and a former mining minister.

The second letter, addressed to Ruslan Abdulgani, the head of a team advising the president on the state ideology, was signed by a retired army major general.

The government calls the dissident group, which is made up largely of ex-ministers and retired military officers, "disgruntled has-beens trying to get back into power."

/6662

CSO: 4200/350

## BRIEFS

**FRIENDSHIP TREATY WITH PNG--**Jakarta (JP)--The House of Representatives has unanimously approved a bill on a friendship treaty with Papua New Guinea. The Golkar [Functional Group] Faction, the PP [United Development Party] Faction, the PDI [Indonesian Democratic Party] Faction, and ABRI [Armed Forces] Faction Wednesday [4 February] said they agreed with a proposed bill on the Treaty of Friendship, Mutual Respect, and Cooperation between the Republic of Indonesia and the Independent State of Papua New Guinea, the official ANTARA news agency reported Wednesday. The news agency did not say if the remaining faction, Fraksi Utusan Daerah [Regional Representatives], had also taken a similar stance. ANTARA said, however, that the approval came after a House session attended by Foreign Minister Mokhtar Kusumaatmaja who signed the treaty last October 27 in Port Moresby. Papua New Guinea was represented by its foreign minister, Legu Vagi. [Text] [Jakarta THE JAKARTA POST in English 5 Feb 87 p 1 BK] /6662

**MURDANI ADDRESSES NEWSPAPERS MEETING--**Commander-in-Chief of the Armed Forces General L.B. Murdani stressed that it was necessary for the Indonesian press to cooperate with the press of other countries in the world, but it should always be vigilant not to be pulled in any pattern of activities contrary to the interests of the nation. At the time when national interest, national identity, and self-respect of the nation are jeopardized by others, the Indonesian press ought to feel the pinch and should spontaneously rise up in defense without waiting for any encouragement from the government therein. General Murdani made these remarks at the meeting of the All Indonesian chief editors and executives of the Indonesian Journalists Association heralding the 3d National Press Day at the Sahid Jaya Saturday night [7 February]. He also called on the press not to misuse its capacity to shape public opinion and in the framework of national development for the promotion of national resilience, the press should enhance its role on the direction of development. He reminded that the life and philosophy of the Indonesian press is different from the function of the liberal press or the press prevailing in totalitarian countries. The Indonesian press should nurture its own identity and not imitate the system of press in other countries. [Excerpt] [Jakarta THE INDONESIA TIMES in English 9 Feb 87 p 1 BK] /8918

CSO: 4200/339



## LEADERS GREET CUBAN COUNTERPARTS ON REVOLUTION DAY

BK021529 Vientiane Domestic Service in Lao 0500 GMT 1 Jan 87

[Text] Yesterday [31 December 1986], Comrade Kaysone Phomvihane, general secretary of the LPRP Central Committee and chairman of the Council of Ministers, and Comrade Phoumi Vongvichit, acting president of the LPDR, sent a joint congratulatory message to Comrade Fidel Castro Ruz, first secretary of the Central Committee of the Communist Party of Cuba, chairman of the State Council, and chairman of the Council of Ministers of the Republic of Cuba, in Havana. The full text of the message reads:

On the occasion of the 28th anniversary of the Cuban revolution, on behalf of the LPRP Central Committee, the SPC, the Council of Ministers of the LPDR, and the Lao people, we would like to extend our warm fraternal salutations and congratulations and intimate military solidarity to you, comrade, and through you to the Central Committee of the Communist Party of Cuba, the State Council, the Council of Ministers of the Republic of Cuba, and the entire fraternal Cuban people.

The victory of the Cuban revolution on 1 January 1959 completely toppled Batista's barbarous dictatorial regime and the neocolonial rule of the North American imperialists and opened a new era—the era of independence, freedom, sovereignty, and socialism for Cuba and the fraternal Cuban people. Since then, under the wise and talented leadership of the Communist Party of Cuba, the Cuban people who have maintained a tradition of diligence and gallantry have scored glorious successes in the tasks of defending and building the country and are firmly marching forward to build the socialist state in accordance with the guidelines and tasks outlined by the Communist Party of Cuba at the third party congress.

The successes scored by the Cuban people have tremendously contributed to increasing the strength of the socialist community and the world's national liberation movements and peace. The Lao party, government, and people hail the efforts made by the Republic of Cuba to consolidate the solidarity among the countries in Latin America and the Caribbean region as well as in other

regions to fight against the subversive schemes of the imperialists, to develop economic and cultural cooperation, and to wipe out the unjust international economic relations order of the capitalists so as to proceed to set up a new equitable and mutually beneficial international economic one. We are very elated to see that the traditional fraternal friendship relations, militant solidarity, and close cooperation between the two parties, states, and peoples of Laos and Cuba have been continually developed and strengthened.

On this auspicious occasion, we wish the fraternal Cuban people under the Communist Party of Cuba led by Comrade Fidel Castro Ruz new greater successes in the cause of defending and building their country.

On the same occasion, Comrade Phoum Sipasuet, vice chairman of the Council of Ministers and foreign affairs minister, also sent a congratulatory message with similar contents to Comrade Isidoro Malmierca, foreign minister of the Republic of Cuba.

/8309

CSO: 4206/71

**PANEL SUPPORTS KIM IL-SONG'S TALKS PROPOSAL**

BK061309 Vientiane KPL in English 0903 GMT 6 Feb 87

[Text] Vientiane, February 6 (KPL)--The Lao Committee for the Support of Peaceful Reunification of Korean Fatherland on February 2 issued here a communique in which it highly appraised the initiative of the DPRK.

The communique said:

The Lao Committee for the Support of Peaceful Reunification of Korea holds that the new initiative to reunify Korea made by Kim Il-song at the first session of the eighth legislature of the People's Supreme Assembly of the DPRK, and the proposal of the DPRK on January 10, 1987 for the high level military and political talks between the northern and the southern parts of Korea, are sincere efforts on the part of the DPRK for the reduction of the tension and the elimination of danger of war in the Korean Peninsula. They will also create a state of mutual trust at the negotiations between the northern and southern parts of Korea.

The Lao Committee for Peaceful Reunification of Korea, in addition, called upon the U.S. and South African Administration to positively respond to the DPRK proposals in this matter which can meet the just interests of the people in both the northern and southern parts of Korea.

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CSO: 4206/71



LAOS

**DEFENSE MINISTER THANKS DPRK COUNTERPART FOR GREETINGS**

**BK110918 Vientiane Domestic Service in Lao 0430 GMT 11 Feb 87**

**[30 January "message of thanks" from LPDR National Defense Minister General Khamtai Siphandon to DPRK People's Armed Forces Minister General O Chin-u]**

[Text] Respected comrade minister: I, together with the officers and men in the entire LPA, would like to express lofty thanks to you, comrade minister, and through you, to the cadres and combatants in the entire Korean People's Armed Forces for the warm greetings you have conveyed to us on the occasion of the 38th founding anniversary of the LPA. I would like to take this occasion to wish for the daily enhancement and development of the relations of friendship between the two peoples and two armies of the LPDR and the DPRK.

I wish you, comrade minister, good health and new success in performing your responsible tasks.

/8309

CSO: 4206/71

**LEADER RECEIVES MESSAGES OF THANKS FROM DPRK**

**BK121158 Vientiane Domestic Service in Lao 0500 GMT 12 Feb 87**

**[Text]** Comrade Phoumi Vongvichit, acting president of the LPDR has received a message of thanks from Comrade Kim Il-song, president of the DPRK. The message reads in part:

I would like to express deep thanks to you for extending, on behalf of the LPDR Government and the Lao people and in your own name, congratulations and sincere greetings to me on the occasion of my reelection as president of the DPRK.

I take this opportunity to sincerely wish you and the people of your country greater success in implementing the Fourth LPRP Congress resolutions.

At the same time, Comrade Kaysone Phomvihane, chairman of the LPDR Council of Ministers, has also received a message of thanks from Comrade Yi Kun-mo, prime minister of the DPRK. The message reads in part:

I would like to express deep thanks to you for your congratulations extended to me on the occasion of my appointment as prime minister of the DPRK. The message says in conclusion:

I wish you greater success in carrying out your responsible tasks aimed at fulfilling the Fourth LPRP Congress resolutions and the Second 5-Year Plan.

On this occasion, Comrade Phoum Sipaseut, vice chairman of the Council of Ministers and minister for foreign affairs, also received a similar message of thanks from his DPRK counterpart, Comrade Kim Yong-nam, vice chairman of the Council of Ministers and minister for foreign affairs of the DPRK.

/8309

CSO: 4206/71

LAOS

**DEFENSE MINISTER THANKS GDR COUNTERPART FOR GREETINGS**

**HK110912 Vientiane Domestic Service in Lao 0430 GMT 11 Feb 87**

**[30 January "message of thanks" from LPDR National Defense Minister General Khamtai Siphandon to GDR National Defense Minister General Heinz Kessler]**

**[Text] Respected comrade minister: I am highly honored and very pleased to accept, with great appreciation, the greetings extended to me by you, comrade, on the occasion of the 38th founding anniversary of the LPA. On behalf of the officers and men in the entire LPA and in my own name, I would like to express profound thanks to you, comrade, and through you, to all cadres and combatants in the entire National Army of the GDR.**

**I take this occasion to wish for the daily development and further strengthening of the relations of fraternal friendship, militant solidarity, and all-round cooperation between the two nations and two armies of Laos and the GDR. I wish you, comrade minister, good health, happiness, and new, ever greater success in performing your noble, responsible tasks.**

**/8309**

**CSO: 4206/71**



**'CONVERSATION' ON ECONOMIC MANAGEMENT MECHANISM**

BK291440 Vientiane Domestic Service in Lao 0500 GMT 25 Jan 87

["Conversation" between Uncle "Sang" and Uncle "Sat"]

[Excerpt] [Sang] Today, first of all, I would like to discuss the renovation of the economic management mechanism. Recently, I heard about the first national conference on the conversion to a socialist production business system. Do you know when it was held?

[Sat] It was held from 12 to 17 January, just recently.

[Sang] You are really keeping yourself abreast of the situation.

[Sat] This conference was an important milestone raising the curtain for the entire country to turn to a new economic management system with a new line of thinking. Economic management is both a science and an art—that is, we must simultaneously engage in actual work and study and draw lessons in order to upgrade and develop our economic management mechanism. Specifically, this is to carry out the fourth party congress resolutions. Do you agree, uncle?

[Sang] You are absolutely right, uncle. The renovation of the economic management mechanism is a necessary task.

[Sat] Yes, I see.

[Sang] It is a task which cannot be halted. There is no way that it can be discontinued.

[Sat] You are right. Things are bound to be renovated.

[Sang] Exactly. It is imperative that we constantly follow, study, develop, and upgrade the mechanism. As for in our country, the restructuring is even more urgent and has to be hastily carried out, because our management system is still heavily burdened with centralized, bureaucratic, and state-financed characteristics. The old mechanism was and still is an obstacle to implementing the party's line and policy on economic construction and transformation.

[Sat] You are right.

[Sang] In addition, it is an obstacle to executing the tasks to normalize the socioeconomic situation.

[Sat] Right, absolutely right. We must abolish the old one. The state-financed system must be eliminated. As you just said, buresucratism, too, must be done away with.

[Sang] Yes. In other spheres as well, the restructuring of the economic management mechanism is a very difficult and complicated task and is a new challenge to us because the old mechanism and our people are heavily influenced by the old line of thinking, habits, and work patterns which are deeply ingrained in our country after many generations.

[Sat] Is it like our habit of taking it easy--as in celebrating festivals in our country?

[Sang] Yes, it is. Or in going to work; one may say it does not matter whether one goes or not, regardless of punctuality, as one will always get paid, regardless of how much one works. Is this what you call habit?

[Sat] Yes, that is right.

[Sang] This is a chronic disease.

[Sat] And very difficult to cure.

[Sang] This is why I said that under the situation in which the economy largely depends on nature, the old line of thinking is still prevailing. Generally speaking, the apparatuses and men in the old mechanism are unconsciously conservative.

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CSO: 4206/71

## BRIEFS

**PRK PHOTO EXHIBITION**—The Ministry of Culture together with the PRK Embassy in Laos and the Laos-Cambodia Friendship Association opened the PRK photo exhibition in Vientiane capital yesterday afternoon [6 January] on the occasion of the 8th founding anniversary of the PRK. Attending the opening ceremony were Sali Vongkhamso, member of the LPRP Central Committee Political Bureau, vice chairman of the Council of Ministers, and chairman of the State Planning Committee; Thongsing Thammavong, member of the party Central Committee and minister of culture; Chanhi Douangboudi, director of the high-level party-state school and chairman of the Laos-Cambodian Friendship Association; ministers and deputy ministers; chairmen and vice chairmen of many state committees; and a large number of senior cadres from many ministries. Members of the diplomatic corps in Laos also attended the ceremony. [Excerpt] [Vientiane Domestic Service in Lao 0000 GMT 7 Jan 87] /8309

CSO: 4206/71

## MALAYSIA

### RAIS DISCUSSES DRUG TRADE WITH BURMESE MINISTER

BKO91339 Kuala Lumpur Domestic Service in English 1130 GMT 9 Feb 87

[Text] Malaysia will propose to the world that the name Golden Triangle for the drug-producing region straddling the Burmese, Thai, and Laotian borders be changed to Death Triangle. Foreign Affairs Minister Datuk Rais Yatim said the name Death Triangle is more appropriate as the najis dadah [drug] produced in the region could lead to death. He told reporters this after receiving Burmese Trade Minister U Khin Maung Gyi at his ministry in Kuala Lumpur.

During his meeting with the Burmese minister, Datuk Rais has suggested that Burma play a wider and firmer role at international level in checking dadah trafficking. He said Malaysia is prepared to study the facilities in rehabilitation programs implemented in Burma which has won high praise from the World Health Organization. He added that if the Burmese program was found suitable for the Malaysian situation, Kuala Lumpur would like to cooperate with Rangoon for its implementation in this country.

Datuk Rais also said the Malaysian authorities would prosecute any quarter that violates immigration laws including the issuing of passports. His ministry is of the view that anyone who violates the laws should be brought to book. The ministry is preparing guidelines to help the border authorities, like the Immigration Department, formulated a more up-to-date system on entry and exit management. The ministry stressed the importance of standardizing these measures at all Malaysian border checkpoints with neighboring countries like the Philippines, Indonesia, and Thailand. This is because the border authorities are facing a major illegal entry problem to Malaysia by citizens of neighboring countries.

Mr U Khin and his 5-member delegation have left for home today after a 5-day visit to Malaysia.

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CSO: 4200/351



**PUBLIC ENTERPRISES MINISTER ON BURMA TRADE**

**BK091207 Kuala Lumpur BERNAMA in English 1103 GMT 9 Feb 87**

[Text] Kuala Lumpur, Feb 9 (OANA-BERNAMA)—Malaysia would like to step up cooperation with Burma in agriculture and industry, particularly from the aspect of applied technology, Public Enterprises Minister Rafidah [Binti] Aziz said Monday.

She said this to reporters after the Burmese Trade Minister U Khin Maung Cyi called on her at her office here.

She said Burmese engineers had been able to convert steam-powered trains to use liquefied petroleum gas, distill factory waste water for drinking and generate cheap electricity through hydro-power.

Listing these as among the Burmese technology success, she said U Khin had also invited two Malaysian engineers to undertake a study tour of Burma.

Rafidah who led a trade delegation to Burma two years ago said Burma had been able to supply electricity nationwide through mini-hydro power.

U Khin had also showed interest in buying Malaysian car component parts if they were cheaper than those produced in Burma, she said.

Burma also had its own locally manufactured car produced under licence from the Japanese Mazda company.

According to the Burmese minister, component parts Burma imported from other countries were also produced in Malaysia.

Burma was also interested in securing Malaysian cooperation in equipping bulking installations to store imported palm oil.

She said U Khin made a special visit to Port Klang just to see similar installations at the port.

U Khin meanwhile said his discussions with the Malaysian touched on cooperation in the manufacturing sector, shipping and related fields.

Burma was also interested in sharing Malaysia's experience in agricultural research, acknowledged as very advanced, U Khin said.

He said his country and Malaysia should have more exchange of visits among their businessmen and government officers to step up trade cooperation.

Burma was keen on expanding tourist trade with Malaysia but there should first be direct air links between them, he added.

He said Burma viewed seriously the problem of drug abuse and he held wide-ranging discussions on the subject with Foreign Minister Rais Yatim.

Earlier U Khin and Rafidah witnessed the signing of a memorandum of intent for Malaysia to purchase 20,000 tonnes of Burmese rice.

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CSO: 4200/351

## COMMENTARY ON IMPROVEMENT OF TIES WITH BURMA

BK101311 Kuala Lumpur International Service in English 10 Feb 87

[Station commentary]

[Text] An official delegation from Burma, headed by the trade minister, Mr U Khin Maung Gyi, has concluded a 5-day visit to Malaysia. The group had a very busy schedule of meetings with Malaysian cabinet ministers, but they were also treated to various aspects of Malaysian culture. The Malaysian Government and people were happy to welcome the visitors from Burma, as relations between the two countries have always been cordial—each of them maintains its diplomatic mission in the capital of the other.

In foreign affairs, Burma has been following a strict policy of nonalignment, and it was one of the pioneers of the nonalignment movement. Malaysia for its part, (valued) participation in the nonalignment conferences and the follow-ups. The Malaysian prime minister, Dr Mahathir Mohamed, has been playing a leading role in promoting greater solidarity among the small and middle powers of international society that make up the majority of the Third World. With a well-known phenomenon of protectionism consolidating itself among the industrial superpowers of the world, there is no alternative to mold contacts and forging of trade and economic links among the Third World nations. It is Dr Mahathir's conviction that the old pattern whereby each developing nation was bound by economic ties to one particular industry or affluent nation has led to an absurd situation in that there are insufficient significant multi-lateral links among Third World nations themselves.

The rapid progress of ASEAN has shown the value of forging a closer regional relationship. There are excellent prospects for increased trade between Malaysia and Burma and one of the highlights of the Burmese trade minister's visit was the signing of a new agreement for the purchase of Burmese rice. Malaysia imports a substantial quantity of foodstuffs including the staple food item—rice—and the Malaysians have for many years been aware of the excellent quality of Burmese rice.

Another highlight of the Burmese trade minister's visit was the official endorsement by his government of the Malaysian prime minister, Dr Mahathir

Mohamed, for nomination as president of the UN conference on drugs that will be held later this year in Vienna, Austria. Malaysia regards the international drug trafficking racket as an evil that threatens the very fabric of civilized society. In this connection, it is gratifying to note the support that the Burmese authorities have pledged for Malaysia's antidrug campaign. The notorious Golden Triangle area, from which a vast quantity of drugs finds its way to other parts of the world, is as much Burma's problem as it is Malaysia's. It is probable that in the antidrug field and in a number of other factors, there will be more cooperation and coordination of policies between the Burmese and the Malaysian Governments. In the words of the Malaysian foreign affairs minister, bilateral relations between the two countries will be stepped up considerably. Therefore, there is no doubt whatsoever that a new chapter has begun in relations between Malaysia and Burma.

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CSO: 4200/351



NEWSPAPER ON ILLEGAL IMMIGRATION FROM INDONESIA

BK101533 Kuala Lumpur NEW SUNDAY TIMES in English 8 Feb 87 p 10

[Editorial: "On Land and Sea"]

[Text] Both Kuala Lumpur and Jakarta have agreed that, in their mutual interests, checks on illegal migrants have to be intensified. It has been the unhappy experience for both that Malaysia is more prone to unlawful entry, while Indonesia suffers a poorer overseas image owing to the criminal activities of some of its nationals abroad. What is in effect a joint declaration has been issued by both sides to stem this development. Now that the end is agreed, it is time to concentrate on the means.

It is not quite correct that Malaysia and Indonesia share a common border; at least there are no common border checkpoints. The Malay peninsula and Java, along with other Indonesian islands, share a common waterway. This suggests that conventional "border checks" are inappropriate, unless a third country is involved. Since Indonesia is an archipelago, and much of Malaysia a peninsula, the enormity of the task on land and sea is only too clear.

What is immediately apparent, then, is that much will have to rest on the collective shoulders of the naval forces. The navies of both countries, and their coastguard services, will have to be as much a part of the new policing procedure as the immigration authorities. Their more dynamic roles will need to be coordinated properly to comprise a unified, cohesive whole. Any agency that does not act as a complementary part of the whole would only produce less effective policing, and a waste of resources.

In mounting more active patrols, it should be remembered that not all immigrants are illegal ones. It is all too easy to develop a prejudice against foreigners, something that vigilance must also guard against. However, the necessary purposefulness must extend beyond illegals from just one country. East Malaysia, for example, needs as much to beware of unlawful entry. A comprehensive enforcement programme would curb the movement of illegals from any country, and be they migrant labourers, smugglers or pirates. A plan that allows itself to be inhibited by petty definition would be of minimal use.

A measure currently considered by the authorities concerns the issue of "border passes". If legitimate travellers are to be issued them, what additional purpose would they serve? Requirements on other travel documents are already in force. As for the illegals already in Malaysia, if they can be located to be given these passes, surely they can also be sent home?

Whatever the practical use of these "identification devices", they can only be described as incomplete and temporary. There can be no substitute for greater commitment from the authorities concerned, and more resources perhaps for them to perform as they should. There are now myriad ways for illegals to enter the country--along one river alone, the Sungai Golok, no less than 160 illegal entry points have been located. And these are only those known to the authorities; what remains is to know more, and to do more.

/6662

CSO: 4200/351

MALAYSIA

**NEW AIRSPACE ARRANGEMENT SIGNED WITH BRUNEI**

**EK181311 Kuala Lumpur Domestic Service in English 1130 GMT 18 Feb 87**

[Text] Malaysia and Brunei Darussalam have signed a memorandum of understanding on the new airspace arrangement whereby the Sultanate takes over control of aircraft movement within a specific area around its capital. The memorandum was signed in Kuala Lumpur today by the Transport Ministry secretary general, Datuk Raymond Nagaratnam, and the Brunei Communications Ministry Permanent Secretary, Awang Haji Chuchu bin Panglima Askar Datuk Paduka Awang Haji Abdullah.

Datuk Nagaratnam said under the revised arrangement, movement of aircraft up to a level of 14,500 feet and within an arc of 50 nautical miles from the sultanate's capital of Bandar Seri Begawan will be under the control of Brunei's Aircraft Control Center. Previously, the control was by the Malaysian Aircraft Center under an arrangement made with the British Government. He stressed that the arrangement would facilitate efficient control of aircraft coming into and leaving Bandar Seri Begawan Airport.

Awang Haji Chuchu said his country's main interest in the new arrangement was to provide a close coordinated air traffic control system to ensure safety and regularity of all air transport operations between the adjoining air space in Kota Kinabalu and Brunei. He hoped that the (?present regulations) of the new space arrangement would pave the way for similar friendly and meaningful discussions on other matters that would contribute to the future development of civil aviation activities between the two countries.

/6662

CSO: 4200/351

**RADIO REITERATES SUPPORT FOR PALESTINIAN CAUSE**

BK191110 Kuala Lumpur International Service in English 0800 GMT 19 Feb 87

[Station commentary]

[Text] Malaysians will commemorate Palestinian Week next month. A highlight of the commemorative program, which will take place from the 14th of March to the 19th, will be an exhibition of works by local and Palestinian artists.

Support for the Palestinian cause is a cardinal principle of Malaysia's foreign affairs policy. The Malaysian media provides wide publicity to the struggle of the Palestinians for self-determination and the creation of Palestinian nationhood. In this connection, Malaysian Government leaders have consistently expressed their concern for the plight of the Palestinian people. The Palestin Liberation Organization is recognized as the sole representative of the Palestinian people and the PLO ambassador is Mr Ahmed al-Farad. The Malaysian prime minister, Dr Mahathir Mohamed, has been very frank and forthright in all his statements relating to West Asian issues. Condemnation of Israel has been expressed at a number of international conferences and UN General Assemblies.

It is the Malaysian viewpoint that the key to peace and stability in West Asia lies in the early establishment of Palestine as an independent sovereign state. The Palestinian people will then be able to devote their energy to the building up of a viable state that will take its rightful place among the family of nations. They will not have to become refugees [as heard] and be caught in a cross-fire of internal conflicts in their country. The present tragedy in the two refugee camps, Shatila and Bourj al-Barajneh, is an example of such a situation.

Israel is ever ready and willing to exploit any differences and rivalry among the Arab states to its own advantage. It is simply appalling to think of the cold-blooded manner in which a nation that claims to have borne the brunt of suffering from Nazism is now using the same methods on defenseless women and children in the refugee camps.

At the same time, Malaysian leaders are mindful that the arrogance of Israel can be traced to the confidence it has always had that the United States



Administration will give it both moral and material support. In this matter too, the Malaysian people cannot understand how the American policymakers can be so indifferent to the aspirations of the Palestinians. Apart from its careless treatment of the Palestinians in Lebanon, Israel and its supporters are also indulging in a reign of terror in the West Bank and Gaza territory. Ample evidence has been published in official U.S.-sponsored inquiries to prove that it is Israeli interests that are always priority in those occupied areas. The international community has always been made aware of the deliberate resettlement of Israeli farmers in these areas so as to upset the ethnic composition and cause the Arab to become a minority in their own homeland. All these and other issues need to be publicized and discussed as otherwise the world would easily forget the sufferings of others.

Malaysians intend to show the Palestinian people that they will always give their support.

/6662  
CSO: 4200/351

COMMENTARY ON GREATER COOPERATION AGAINST DRUGS

BK131059 Kuala Lumpur International Service in English 0900 GMT 13 Feb 87

[Station commentary]

[Text] Support has mounted considerably for the nomination of the Malaysian prime minister, Dr Mahathir Mohamed, to be the chairman of the UN conference on drugs to be held in Vienna in June this year. Up to now, 56 preference have indicated the support for Dr Mahathir.

The Malaysian community is glad to note there is wide international recognition of the prominent role that Malaysia has been playing, both in regional and in worldwide efforts, to stamp out the evil of drugs and drug addiction. Arising out of the recent visit to Malaysia by a delegation from Burma, the Malaysian Government has suggested that the notorious Golden Triangle region, which covers areas of Thailand and Burma, be renamed the Death Triangle. The suggestion would be more appropriately reflect the reality of human degradation caused by the steady exodus of drugs from that part of the world which is also so close to Malaysia and has serious implications for ASEAN [Association of Southeast Asian Nations] communities [sentence as heard].

The Malaysian prime minister has been consistently pressing for a more serious attitude towards the drug menace which has become the scourge of humanity. The task of its strategic attack on drugs is the implementation of both, preventive and punitive, measures. The key to the success of the world war on drugs and drug trafficking [is to] synchronize with the international community. Today, the drug trade is being carried out with resources and methods that are parallel to those adopted by leading multinational firms. There is growing evidence of the involvement of politicians and top officials in some countries.

Unless every international law is suitably adapted so that the drug trafficker is regarded as an enemy of humanity, as pirates and hijackers already are, there is little hope of bringing the present war on drugs to a successful conclusion. It can be said that this campaign to which the Malaysian prime minister has dedicated himself, there is no substitute for victory. [Sentence as heard] Today, there is a more realistic attitude towards certain aspects of Malaysia's policy on drug trafficking. The imposition of the death penalty is the most outstanding example. More governments are also prepared to see the value of greater efforts based on international cooperation. The latest group of nations

to endorse the Malaysian prime minister's proposal for serious intergovernmental action on drug trafficking, were members of the ICO or Organization of the Islamic Conference that met in Kuwait recently.

Within Malaysia the cooperation that is extended to government departments that are handling the brunt of antidrug activity is excellent. The Malaysian campaign against drugs and drug trafficking is one of total commitment. There is every indication that the Malaysian experience and expertise in various aspects of drug eradication will be much in demand after the UN conference is held in Vienna. The Malaysian Government has always followed a policy of making its expertise available, just as it is willing from other governments.

The coming months will see more significant developments in the world war on drugs.

/8918

CSO: 4200/340

## BRIEFS

**POLITICAL PARTY LEADERS ARRESTS**—Kuala Lumpur, Feb 17 (OANA-BERNAMA)—A Malaysian deputy minister and the head of the youth wing of a political party were among four people arrested by police Tuesday for alleged offences connected to a cooperative scandal. Arrested were youth leader Kee Yong Wee of the Malaysian Chinese Association (MCA), the second major partner in Prime Minister Dr Mahathir Mohamed's ruling coalition, and Deputy Minister of Culture, Youth, and Sports Wang Choon Wing and two others for alleged offences relating to the Koperasi Pembangunan Ekonomi Pemuda Malaysia Berhad [Malaysian Youth Economic Development Cooperatives] (Komuda) in which the four are involved. CID [Criminal Investigation Department] Director Yahaya Yeop Ishak said the other two arrested were Komuda Secretary Koh Kim Swee and Komuda Vice-Chairman Yeoh Yuen Chong. He said bail was set at M\$2 million (about US\$785,000) each and the four would be charged in court Wednesday. Yahaya said police had called the four to the police headquarters at Bukit Aman at about 2:45 pm (0645 GMT) after which officers from the commercial crimes division arrested them. All four returned home after posting bail. Kee is Komuda chairman while Wang, who is also the organising secretary of MCA, is the cooperative's treasurer. [Text] [Kuala Lumpur BERNAMA in English 1134 GMT 17 Feb 87 BK] /6662

**THAI ARMED FORCES COMMANDER'S VISIT**—The supreme commander of Royal Thai Armed Forces, Admiral Supha Khotchaseani, has arrived in Kuala Lumpur for a 3-day official visit to the country. Admiral Supha, accompanied by his wife and an 11-member delegation, was greeted by Chief of Army General Datuk Sri Hashim Ali. Also present was chief of staff, Defense Intelligence Lieutenant General Yusof Din and Thai Ambassador Chawan Chawanit. Tomorrow, Admiral Supha is expected to call on Defense Minister Datuk Abdullah Ahmad Badawi, Deputy Defense Minister Datuk Abang Abu Bakar Mustapha, and chief of defense forces, General Tan Sri Mohamed Ghazali Che Mat. He is also expected to meet Prime Minister Datuk Sri Dr Mahathir Mohamed before visiting the Army Corps Headquarters in Sungai Besi. [Text] [Kuala Lumpur Domestic Service in English 1130 GMT 12 Feb 87 BK] /6662

CSO: 4200/351



## SISON INTERVIEWED ON CURRENT ISSUES

Quezon City NATIONAL MIDWEEK in English 21 Jan 87 pp 6-9

[Interview with Jose Ma. Sison, Founder of the Communist Party of the Philippines, by Vivian de Lima in Hong Kong, date not given: "Ceasefire, Constitution and Coup D'Etat"]

[Text]

**J**ose Ma. Sison, chairman of the executive council of the Philippine Center for Social Research and visiting research fellow of the UP Asian Center, was interviewed recently by National MIDWEEK's Vivian de Lima.

Sison is taking a vacation in the British colony with his wife Julie, who is head of the international relations department of Partido ng Bayan. He has been on a lecture tour, speaking on the Philippine situation and prospects at leading universities in Australia, New Zealand, Thailand and Japan.

At the time of the interview, Sison was avidly reading Philippine materials and preparing to resume his lecture tour which this time would take him to leading universities and research centers of India and Western Europe.

The current ceasefire agreement signed by the National Democratic Front (NDF) clearly denies the status of belligerency to the NDF now and in the future. Does this mean that the NDF itself accepts a status of

being merely an insurgent force subject to the criminal laws of the Government of the Republic of the Philippines (GRP)?

The status of belligerency is not something that can be denied to or bestowed on the NDF by a mere scrap of paper. It is a status that has been earned through revolutionary struggle.

Long before Mrs. Aquino could rise to the presidency of the GRP, the revolutionary forces had been building the people's revolutionary government.

Does the people's revolutionary government really exist? Are you suggesting that the GRP-NDF agreements are merely preliminary to negotiations and agreements between the people's revolutionary government and GRP?

My answer is yes to both questions. The revolutionary movement has been establishing organs of political power since 1968. These organs of political power comprise the people's revolutionary government. Since 1971, there has been the constitution of the Provisional Revolutionary Government.

No solution to the fundamental problems of the people and no comprehensive agreement for lasting peace can be worked out if GRP insists on negotiating and making agreements with the NDF within the pro-imperialist and reactionary framework of GRP authority, constitution, laws, institutions and processes.

I suppose that, in the eyes of the people's revolutionary government, GRP-NDF negotiations and agreements are at best preparatory to GRP-People's Revolutionary Government negotiations and agreements; and for GRP-NDF agreements to have some effect would be a matter of people's revolutionary government tolerance.

It is obvious that the thrust of the GRP position is to deny to the revolutionary movement the status of belligerency and to dismantle the New People's Army (NPA) in exchange for the legalization of the Communist Party of the Philippines (CPP), general amnesty and rehabilitation measures. What can the NDF and the people's revolutionary government do?

It is an undeniable fact that the people's revolutionary government has millions of people and large areas under its governance, commands a powerful people's army and exercises comprehensively the functions of government.

In facing up to GRP, NDF can insist on the solution of such fundamental problem: of the people as US domination and feudal exploitation. If GRP keeps on sidetracking the fundamental issues, NDF can stop negotiating with GRP, and it would be justified in so doing with the full support and understanding of the people.

On its part, the revolutionary forces and the entire people will have to change the balance of

forces until GRP sees the necessity of negotiating with PRG itself. I suppose it is absolutely clear to everyone that the revolutionary armed struggle will not cease until the revolutionary cause of the people — which is national and social liberation — is achieved.

The revolutionaries are in the revolutionary movement to realize a cause far larger than any concession that may be offered by GRP. In this light, CPP legalization, general amnesty and rehabilitation measures for surrenderees are candies for small kids.

If the NDF is a mere insurgent force and without a status of belligerency, can it ever hope to make an agreement of lasting peace with GRP, involving the solution of fundamental social problems, and effect a coalition government to ensure the implementation of the agreement?

There is no hope. By insisting on reducing NDF to a mere insurgent force, GRP can even ignore completely the fundamental issues or break off further negotiations. However, aside from demanding the dissolution of the NPA, GRP may also choose to go through the motion of discussing fundamental issues just to be able repeatedly or indefinitely to extend the ceasefire, place the NPA at a political and military disadvantage and use exposed facilities and personnel of the NDF involved in the negotiations as unwitting tracers for the AFP intelligence services to track down underground personnel and organs of the revolutionary movement.

Let us assume that GRP and NDF go as far as reaching a comprehensive agreement regarding the fundamental problems. The set of solutions agreed upon will not amount to anything but mere promises by the GRP president, subject to Congress and its

processes. For instance, a land reform program agreed upon will be subject to mutilation and negation by a big comprador-landlord Congress.

The kind of coalition that GRP can offer – and only as a possibility – is one in which the CPP surfaces as a legal party, fields candidates in elections and works out an alliance within and outside the reactionary legislature. In other words, what GRP would want to achieve is a legal CPP working within the reactionary framework of exploitative and oppressive laws and institutions. This kind of coalition is different from one between the people's revolutionary government and GRP; and it would override the conflicting political authority of both.

The plebiscite on the new draft constitution will soon be held. What do you think should be the position of the illegal and legal forces of the national democratic movement?

The national democratic movement should wage an educational campaign all the way, explaining to the people the positive and negative aspects of the draft constitution. You see, this draft is a basket of good and rotten apples.

It contains nice big words about the formal democratic rights of the individual in the abstract (i.e., it is blind to the reality of exploiting and exploited classes). But there is absolutely no provision which eliminates or drastically reduces foreign and feudal oppression and exploitation.

There is no obligation on the part of the national democratic movement to categorically say yes or no to the draft constitution. In the first place, the people, especially the working class

and the peasantry, had nothing to do with the formation of the Con-Com (Constitutional Commission) and the making of this draft.

The revolutionary forces, which have their own constitution and program of government, would, I suppose, be unwilling to endorse the Aquino constitution. There may be certain individuals and organizations in the broad national democratic movement opting for a critical yes. Their position may be tolerated by the more progressive forces. But still the best position is to conduct the educational campaign all the way, beyond the plebiscite.

But there are indications that the overwhelming majority of the people will go to the polls; and that the constitution will be ratified by most of them. Will the national democratic movement not be isolated?

By conducting an educational campaign, the national democratic movement cannot be isolated and avoids being damned for endorsing a liberal yet pro-imperialist and reactionary document. The movement can simply seek to raise the people's level of political consciousness and expand the advanced section of the people. This advanced section and the middle section which tends to take the critical yes position make up the majority of the people.

The US and local reactionaries may also say that the middle and backward sections of the people comprise the majority of the people. But they are divided into yes and no blocs. The backward section will tend to take the no position in response to the calls of the Marcos and Enrile factions.

The plebiscite is a passing thing. The fatal flaws of the Aquino constitution are permanent. A pro-imperialist and reac-

tionary, though not outrightly fascist, document cannot solve the ever worsening economic and political crisis of the ruling system.

In the forthcoming plebiscite, the people are not actually making a choice between a constitution that suits their fundamental interests and a constitution that suits the reactionary and exploitative interests of the big compradors and landlords. They are simply being asked to vote yes or no to a big comprador-landlord constitution. And the middle and backward sections of the people are vulnerable to the economic, political and cultural influence of the competing factions of the same exploiting classes.

The revolutionary movement has its own way of concentrating the sovereign will and best interests of the people. It is by waging a people's war. It is not by counting the votes in elections, plebiscites and opinion polls which are controlled and manipulated by the exploiting classes; but by building the revolutionary party, people's army, organs of political power, mass organizations and the united front despite the odds posed by the oppressors' control and use of the economy, the coercive and persuasive apparatuses of the state, the schools and the mass media.

In your view, were there real coup attempts against the Aquino government? What have been the consequences of these well-publicized coup attempts?

I do not think there were real or serious coup attempts. No one among the supposed plotters has been arrested. There was merely a US-inspired shakedown of the Aquino regime. Enrile was used to the limit in compelling President Aquino to remove the number of nationalists and liberal democrats in her cabinet.

There are indications that, as early as November 10, there had already been a compromise arranged by the US for Enrile to resign in exchange for the resignation of all other cabinet members, allowing Mrs. Aquino to throw out certain elements (except Maceda) disliked by the US.

The key cabinet posts (defense and economic) have always been held by rabid pro-US and reactionary elements. But the US wants a thoroughly pro-US and reactionary cabinet to firm up the resolve of the executive to extend in 1988 the US military bases beyond 1991 and to do every bidding of the US.

In exchange for willingness to serve US interests, President Aquino is now assured of full US support. The ruling clique is now in the process of rapid consolidation as a US-Aquino clique. This has been signalled by the appointment of General Rafael Ileto to the position of defense minister. He is simultaneously a pro-US and a pro-Aquino man.

General Ramos momentarily appears to have become even stronger than Enrile ever was. But he will be an easy pushover once the Aquino constitution is ratified. He is vulnerable to the charge of overstaying in the military and can be easily shunted to some other position eventually.

Are you saying that President Aquino is going to have a stable government?

In the short term, a US-Aquino ruling clique is being consolidated, especially vis-a-vis other reactionary factions. But in the medium term (two to three years), the coup threat will become real and imminent if the fundamental problems of the people are not solved and social crisis continues to worsen.

A military faction will try to ride to power on the issue of cor-



ruption, which has already begun to afflict the regime, as well as on the issue of the regime's failure to quell the revolutionary movement.

It would take only one year for the Aquino regime to rot and stink, because it keeps itself within the parameters of foreign and feudal domination; and no matter how tricky or brutal the Aquino presidency and the military may be in fighting the revolutionary movement, the ever worsening economic and political crisis will continue to provide the fertile ground for armed revolution.

It was widely talked about in October and November that you were a primary target of a military clique. Were you aware that there was a serious threat to your life?

It was during the third week of October when I learned that there was a threat to my life. I was then in Manila to get my visa to Japan. Leaks from military cliques had been verified and collated. The scheme was ostensibly to launch a coup, involving a surgical operation against progressive leaders and so-called leftists in the Aquino cabinet and converting President Aquino into a figurehead.

I could see that progressive leaders were vulnerable and that the military plotters had already started the bombing incidents. But I did not take the threat to my life then as seriously as when the bombing incidents were already harming people and Victor Corpus had been presented by the military to slander me. Of course, the threat would become even more serious immediately after the brutal assassination of Lando Otalia.

But the people rose up to give Lando the greatest funeral honors ever given to a proletarian and revolutionary martyr in the entire history of the country and to condemn the US and the

fascists who are still scot-free. More people have become convinced that there are more forms of struggle than one to combat the enemy and carry out social revolution.

What are the implications of Otalia's assassination? How will this affect the plan and chances of Partido ng Bayan in the forthcoming elections?

The scheme of the US is to restore a system of two parties controlled by factions of the same big comprador-landlord classes subservient to the US and to marginalize the Partido ng Bayan through a campaign of slander and through terror tactics.

The US wants to make sure that all its dictates, especially the extension of the US military bases beyond 1991, are carried out by a subservient government. CIA and DIA operatives have orchestrated the campaign of slander and terror tactics against Partido ng Bayan.

But the national and democratic movement, including Partido ng Bayan, has gained a lot of experience and strength in the course of struggle against a blatant rule of terror — the US-instigated Marcos fascist dictatorship. Partido ng Bayan cannot be daunted because the assassination of Lando Otalia has served only to expand the ranks of those determined to carry out social revolution.

There are organizations whose task is to carry out the armed revolution. But Partido ng Bayan is determined to conduct legal struggle. Despite tremendous odds, it can win a significant portion of the local executive and legislative seats in the forthcoming elections.

Whether the reactionaries have only two or six major parties, they will be bitterly divided against themselves. They cannot solve the ever worsening economic crisis and cannot find a way of reversing the trend toward violent conflicts among themselves. (MF)

## WEEKLY, CONCOM DEL/GATE BERNAS ON CHARTER'S FLAWS

Quezon City NATIONAL MIDWEEK in English 21 Jan 87 pp 13-15

[Article by Manuel F. Montes: "Just A Passing Grade"; "Comments on the economic implications of the 1986 Constitution"]

[Text] **W**here do I stand with respect to the ratification of the Constitution?

My answer is not very original. If one were to go by the public statements of many of those who had been involved in the drafting of the Constitution, my position would be no different from theirs. Their position is that the Constitution is clearly flawed. The best face one could put on the situation is that it all depends on who gets elected to Congress. This position comes from the Aquino government's own constitutional expert, Fr. Joaquin Bernas. I would also like to add that it also depends on who would be the President, who would be in the Cabinet and who in the Supreme Court. (One is tempted to ask: Is the Bernas view an admission that the proposed Constitution enshrines the rule of men rather than the rule of law?)

The dilemma I face with taking a position is the same one teachers at the UP face when, at the end of the semester, they have a student who deserves a grade of 4 or "Incomplete." In an A-BC-D-F system, the choice

is really stark since a grade of E, which is between just passing and failing, is undefined. For many reasons, it is often undesirable to give a 4 and the teacher has to choose between a failing grade of 5 or a "pasang awa" grade of 3. Should one give a grade of 3 or a grade of 5?

For humanitarian reasons, you will say, a grade of 3 should be given. One would of course have to justify this by looking for extenuating circumstances. The beauty of the student should not be an extenuating circumstance. In the same way, the fact that the Constitution enshrines love and the family cannot be considered an extenuating circumstance.

In fact, the length of the Constitution and its propensity for statements that leave it up to the State and Congress to do what it believes to be important makes it read like the exam answer of a student who does not know the answer to the question but who manages to write a long essay nevertheless by discussing all kinds of ideas marginally connected to the real question.

<sup>2</sup> The truly extenuating provisions in the proposed Constitution are, in my view, the strong guarantees on individual human rights. For this reason, because I have to choose between a grade of 3 or 5, I can justify giving the Constitution a 3. I feel that the Constitution guarantees even the right to object nonviolently to the Constitution itself.

**W**here it prohibits or restricts or directly provides, the Constitution imposes itself on future developments in our country. With this in mind, let us compare what is legislated with what is not legislated in the proposed Constitution.

The Constitution practically legislates the development strategy that the country must follow when it provides that "the State shall promote industrialization and full employment based on sound agricultural development and agrarian reform, through industries that make full and efficient use of human and natural resources, and which are competitive in both domestic and foreign markets." (Article XII, Section 1)

Development theory is a very controversial topic in economics. There is a debate on everything, from the role of agriculture to the necessity of the utilization of cheap labor, to the proper rate of extraction of natural resources. The "economists" in the ConCom should have been especially sensitive to these questions. The drafters of the Charter seem to have been easily drawn into controversies over what is "sound," "full" or "efficient." Will the Supreme Court have to interpret these words someday?

What is especially questionable about Article XII, Section 1, is its insistence that only efficient industries competitive in both domestic and foreign markets be established. What happened to

the "infant industry" case which even Western-oriented economists consider to be a justification for supporting industries that, in the beginning, are inefficient according to world standards? As far as the wording of the provision is concerned, even temporary support for inefficient industries appears to be disallowed.

One of the most foolproof ways to make sure that only "efficient" and "competitive" industries are set up is to insist that the country remove all industrial protection and allow the free marketing of foreign products. Will the existence of this constitutional provision allow an IMF-inspired lawyer, at some future date, to petition the Supreme Court to outlaw all restrictions on international trade?

This is not a mere hypothetical matter. When Thomas Jefferson and his friends enshrined the principle "that all men are created equal" in the American Declaration of Independence, they thought they were only prohibiting the reestablishment of any monarchy in the United States. Little did they realize that less than a hundred years later, the same principle would be applied to free the slaves. Jefferson in his time was also a slaveowner.

If the device of the free market will be relied upon to determine which industries will be established, then national planning will not be necessary. It is understandable therefore that the draft Constitution leaves it up to Congress to determine whether national planning shall be a regular activity of the State or not.

What role might "a market-oriented" approach play in the process of development? One of the best ways to ensure increasing efficiency and innovation is to force firms within an industry

to compete with one another. Government then will not have to twist the arms of companies to lower their costs and to innovate. It is also an "impersonal" approach; government does not have to choose for itself which firms will survive and which are to die.

Thus, it is often thought desirable that governments refrain from choosing the "winning firms." But this does not exempt governments from choosing "winning industries." This is done by making other industries subsidize those that can be made larger and more efficient. Late-coming developing countries have followed this approach. That a "market-oriented" approach is part of current Chinese strategy is not to say that China will cease to engage in national planning to choose future industries. It only means that the government will refrain from choosing which operations within each industry will survive.

The problem with the Marcos economic policy was not that it "chose" infant industries; it was that it "chose" particular infant "firms." (In fact, it tended to choose the "infant owners" first, before choosing the infant firms.) The constitutional provision we are discussing confuses the "firm" with the "industry" and reflects an acceptance of the petrified market structure of many Philippine industries which are characterized by oligopoly or monopoly. It also reflects a confusion between small and large firms in the economic landscape.

The case of Jefferson and friends had an inadvertent happy result decades later. The constitutional provision in question, however, is of immediate impact and could derail the country's industrialization efforts. Why does this Constitution go out of its way to open this Pandora's box of development controver-

sy? Was it so important to put in words that would warm the heart of many a visiting fireman from the World Bank?

**T**he Constitution assumes a very weird nationalistic stance in its economic provisions.

In the case of the use of natural resources, it starts off by reserving to the State the exploration, development and utilization of the country's natural resources. It permits the State to enter into agreements with Filipino citizens in this regard, without providing details. And then it proceeds in magnificent detail to the legislation of the "Service Contract" by which multinational companies are given rights to the country's natural resources. (Article XII, Section 2)

According to this provision, the President, constrained only by the need to inform Congress within 30 days, may enter into contracts with multinationals for the exploitation of natural resources. We can cite many unseemly things about the Service Contract provisions: (1) the detailed legislation; (2) the empowerment of the President in an economically lucrative area in a constitution that is supposed to prevent repetition of the past; and (3) the prospect that Filipinos might have more difficulty in obtaining access to natural resources than multinationals which only have to convince the executive branch, if not solely the President.

The draft Constitution finds it fit to legislate that enterprises in culture and advertising be at least 70 percent Filipino. However, it is unable to prescribe the same restriction in the case of public utilities. Those enterprises in culture and advertising form part of our entertainment industry, which employs actors and enter-



tainers. Admittedly, this industry is competitive even abroad where our entertainers are in demand for all kinds of services.

Is the Constitution's support of the entertainment industry and its relative lack of support for public utilities an application of its industrialization strategy where only industries that are already competitive in foreign markets will be supported? Are we forever going to be a nation of entertainers who are unable to capitalize on our own essential services and inputs?

From a reading of the document, one gets the feeling that our good commissioners felt that nationalism is much too costly an objective for the country. If that is the case, then the draft Constitution embodies a grievous misreading of history. Today's advanced countries were rabidly, even militarily nationalistic when they were industrializing. Even

the current paragon of the developing world, South Korea, which is succeeding to industrialize, is unabashedly nationalistic.

The draft Constitution does not provide this nationalism ingredient. We the citizenry will have to provide this ingredient from the outside after the Constitution has been ratified. We might also have to apply the people's power provision in the Constitution to delete or amend provisions that prevent national development from taking root.

I have discussed examples of questionable provisions in the draft constitution only from sections 1 and 2 of Article XII. On the basis of these few examples, you will understand why my raw grade for the Constitution - outside of extenuating circumstances - is an E or a 4 or "Incomplete." (M)

/13104

CSO: 4200/344

**CAVITE ACTIVIST PRIEST CITES ALSA MASA HARASSMENT**

Quezon City NATIONAL MIDWEEK in English 21 Jan 87 p 41

[Text] Residents of Sto. Nino Parish, Molino Village, Bacoor, Cavite, were greeted with anti-communist graffiti freshly painted on the church patio and on subdivision walls in the early morning hours of December 28, PHILIPPINE NEWS AND FEATURES reported.

Signed by Alsa Masa, a paramilitary group said to have been organized by the Philippine military and allegedly involved in the killing of three peace rallyists in Davao last December 10, some of the graffiti were directed at Sto. Nino parish priest Fr. Arturo Balagat.

Some read as follows: "Fr. Balweg, nasa Pag-asa na" (Fr. Balweg is now in Pag-asa), "Masa ng masa, masa, di kimunista" (The masses want mass, not communism), "Abuloy sa simbahan, Abuloy sa Kimunista" (Donations to the church, Donation to the communist), "Kura-kurakot" (Priest, Corrupt), "Sigaw ng Pag-asa, Kura palitan na" (Shout of Pag-asa, Replace priest).

Fr. Balagat, who is also chairman of the Philippine Alliance of Human Rights Advocates (PAHRA), opined that a "militant" mini-drama depicting the sufferings of the Virgin Mary may have triggered the propaganda against him. Another possible reason was that a provincial politician wanted him out of the way because of Fr. Balagat's campaign for the installation of men of integrity in the Cavite government.

He cited several incidents intended to cow him into silence. Last December 2, after speaking at a rally in front of Camp Aguinaldo, his car was destroyed by three men who had been surveilling the vehicle at the Araneta parking lot in Cubao, Quezon City.

Last December 24, one of his staff, Fidel, was harassed by gun-toting men in a jeep while on his way to a corner store near the Sto. Nino Church. The armed men alleged that Fidel was about to rob the store.

Fr. Balagat, who is a member of Ecumenical Movement for Justice and Peace (EMJP), a human rights organization, was said to be on the list of progressives up for arrest or liquidation during the coup threat. He is currently coordinator of the National Citizens Peace Monitoring Council (NCPMC), an independent group monitoring and giving information on the current ceasefire, with the goal of helping "set the atmosphere for the substantive phase of the peace talks."

# KMP DETAILS MISGIVINGS OVER CONSTITUTION

Quezon City ANG PAHAYAGANG MALAYA in English 23 Jan 86 p 11]

[Statement by the Kulusang Magbubukid ng Pilipinas]

[Text]

President Corason Aquino and her supporters have claimed that a vote for the new Constitution is a vote for stability and peace. That is an illusion, because the new Constitution contains a considerable number of vital provisions that are potential sources of disenchantment of the people and of conflict between various interest groups.

The provisions on national economy and patrimony open up the Philippine economy and natural resources to foreign big business. As has been our past experience, exploitation of the country's natural resources and stranglehold of local economy by foreign big business, especially the United States and Japanese multinational corporations, have brought about conditions that led to political and economic crises.

At the same time, the said provisions perpetuate the colonial pattern of our foreign trade, in which the Philippines remains an exporter of raw materials and an importer of finished products. We have long struggled to get out of this kind of situation because, as our experiences tell us, it has only led to economic stagnation and poverty. The new Constitution, however, condones us to this quagmire.

The maintenance of foreign military bases is also guaranteed by the new Constitution. Again, this is an affront to the

Filipino nation. Foreign military bases are always a violation of our national sovereignty and territorial integrity and must never be allowed to remain in our shores.

But our immediate concern as farmers are the anti-peasant provisions of the new Constitution contained in Sections 4-8 of Article 13. Even while the new Constitution calls for agrarian reform, it negates such call because of so many loopholes in its agrarian reform provisions. Some of those loopholes are the following:

1. Reregulation of de-

cision-making on agrarian issues to Congress which, we know, has always been dominated by big landlords, compradors bourgeoisie, and agents of foreign big business;

2. Guaranteeing just compensation at fair market value for landlords whose lands will be covered by land reform, which means that peasant beneficiaries will have to pay a very high price for the land that they own (like the operation land transfer of former President Marcos, this kind of reform will only make the landlords richer and the far-

mers poorer);

3. Guaranteeing the "prior rights" of corporations or individuals that hold leases or concessions to public agricultural lands;

4. Calling for voluntary land sharing, which means that landlords who voluntarily allow farmers the use of their lands will be spared from land reform; and

5. Putting up vague considerations - such as ecological, developmental or equity considerations - in implementing land reform, which considerations may be used as an excuse by landlords to evade land reform.

In other words, the new Constitution frustrates the Filipino farmers' age-old dream of owning land and the Filipino people's demand for nationalist industrialization and progress.

Thus, the new Constitution will never bring peace to our land because it does not, and cannot, solve the fundamental problems of the people, such as landlessness, corruption in the bureaucracy, and foreign domination of the economy.

/13104

CSO: 4200/344



FURTHER REPORT ON REBEL WOMEN'S GROUP

Quezon City ANG PAHAYAGANG MALAYA in English 26 Jan 87 p 11

[Article by Rosario Liguicia  
Lines"]

: "A Woman's Place is in the Front

[Text] GENERAL LUNA — They began 15 years ago the way a lot of feminist groups did in the west — raising clenched fists in anger at beauty contests that they said exploited women.

But today members of Makibaka — the nationalist movement for new womanhood — are raising guns, vowing to bring down a government.

They admit, however, to being privately pleased that the Philippines of long list has a woman president — even though it is Corason Aquino's government they are seeking to overthrow.

The previous president, Ferdinand Marcos, used to claim quite publicly that a woman's place was in the bedroom.

Makibaka — the word means 'Get involved' — claims a following of 200,000, several leaders with prices on their heads and a history few, if any, western feminist groups can match or maybe even fathom.

Founded by 15 women in April 1971 as a group seeking to liberate women from subservient roles in society, Makibaka was driven underground by Marcos when he declared martial law in 1972.

Now Makibaka is one of 12 groups in the communist-dominated National Democratic Front, the coalition leading rebellion in the countryside.

Makibaka says its present goal is to "liberate the Filipino people from foreign domination and feudal control" and like many a rebel group in the Philippines it claims and control of part of the countryside.

Victoria 'Vic-Vic' Justiniani, the group's spokeswoman, says she was leading a comfortable life in Manila when Marcos imposed martial law on Sept. 21, 1972.

Driven underground, she traded a college degree for a gun. Now she has an P80,000 price on her head.

She says waging war has become a way of life and there is no turning back. Surrender is out of the question.

"There is no way we can give up the armed struggle, not now that we have reached this stage. Victory is almost within our grasp," said Ka Rocaenda, a 29-year-old guerrilla leader who has been with the movement for 10 years.

The soft-spoken guerilla, who commands about 100 women rebels in 16 towns in Quezon province, said: "This has been my life and I feel secure with the movement. I know no other life."

With an M-16 hanging on her shoulder, Ka Rosenda carried her five-month-old son as she spoke — My son and I have never been separated since he was born. But I am starting to wean him away from me.

Justiniani and Ka Rosenda were among two dozen gun-toting women who recently met reporters — mostly women — invited to Makibaka's first press conference. It was held in a guerilla zone in Quezon.

Justiniani, 31, said: "As days went into weeks, and weeks into months, and months into years, life with the masses made us realize that joining the revolution was not a mere testament to our personal causes but a commitment to pursue the collective will of a national craving for social change."

The women rebels now boast that they control a number of areas in the Philippine countryside.

"Welcome to a rebel territory," one woman guerilla greeted Manila-based journalists who arrived at the press conference site, their legs and backs aching after a rough journey.

To get to the place, the journalists drove on bumpy roads for

almost six hours and then went on a three-hour trek over muddy, slippery terrain.

The guerilla said most of the women in the area started out as messengers for the communist New People's Army. Later they began to learn how to treat the wounded with crude acupuncture.

When fighting escalated, we fought side by side the men, she said.

The guns have temporarily fallen silent because of a 60-day ceasefire between the government and the NDF that expires on Feb. 8.

But Ka Rosenda said: "You know, although we have a ceasefire at the moment, it is not unlikely for us to go back to the battlefield, when that happens, I think fighting will become more intense."

Ka Sarah, 24, said: The ceasefire has afforded us the chance to train and organize the masses quite openly. Yes, it gave us a respite from fighting but not from our other tasks which are equally important.

She said the bullets wrapped in belts around the women's waists and normally cleaned every two weeks were beginning to show signs of rust — "not only because we have not fired a shot but also because we have been busy with other things, like lectures before organized groups in villages."

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CSO: 4200/344

PC COLONEL ADMITS, DEFENDS POLICY TO ARM 'CULTS'

Quezon City ANG PAHAYAGANG MALAYA in English 26 Jan 87 p 13

[Text]

**PAGADIAN CITY (PNP) -**  
The Philippine Constabulary-Integrated National Police provincial commander in Zamboanga del Sur has admitted that the government supports the formation of anti-communist groups, including sectarian sects, a measure against the New People's Army.

This was the first time that a high-ranking military officer admitted the government's role in the formation and arming of religious sects.

Human rights groups have long suspected the military's use of the sectarian sects in counter-insurgency operations. The Tadt or Sagrado Corason Sento was said to have been founded by Sado Catill Sr., a retired military officer.

The Human Rights Movement for Justice and Peace, said recently that the Tadt is a corrupted version of Catholicism which emphasizes sectarian dogmas. The Tadt practices numerous religious rites such as blessings and Latin prayers, and use "worship scriptures." Members believe themselves to be in constant contact.

PC chief, Col. Mervin, denied however that Tadt is a religious group. "They are pagans with no religion. They are an anti-communist group, volunteer just like the UNDP, and we are here to defend their villages against outside attacks," he said.

/13104  
CSO: 4200/344

GOVERNMENT RESHUFFLES CASINO OVERSIGHT OFFICE

Government Revenue Source

Manila MR. & MS. (Special Edition) in English 23-29 Jan 87 pp 6-8

[Article by Lita Torralba Logarta--"Pagcor's New Boss: Alice in Casinoland"]

[Excerpts]

**C**HALK up another first for the Philippines.

This is probably the only country in the world where the head of the government's gambling operations is a lady. An honest-to-goodness lady, by all accounts, of the invincibly upright, prim and proper variety. A motherly-widow type yet, whose only brushes with games of chance were occasional family mahjong sessions and who had set foot inside a casino only once in her life before she became caretaker of the Philippine Amusement and Gaming Corporation (PAGCOR) last December.

So what is a nice lady like Alicia Llamado Reyes doing as the czar of legalized gambling in this part of the world?

Well, according to her, President Aquino had set down a new policy and a new direction for the PAGCOR

and she wanted someone who would see to it that that policy and that direction would be followed "to the letter". Alice herself never expected that she would be tapped for anything like the PAGCOR post. Her only inkling that she would one day be called upon to render service again was when she cleared her retirement — after 25 years in the Development Bank of the Philippines — with the President last December. The latter commented that she would like Alice to continue serving in government and would appoint her "elsewhere". That the call would come so soon was something she did not expect either. "I never even had a chance to enjoy my retirement," she laughs, "but when I was told that the President wanted people of proven integrity to be in the PAGCOR, people

she could trust to keep its income intact, I answered that I was honored to be chosen."

President Aquino, explains Alice, has ordered that all PAGCOR's net income, after deducting administrative and operating requirements, will now go to a new, as yet unnamed, foundation which will allocate the funds to socio-economic and charitable projects under the Office of the President. Her immediate predecessor, businessman Norberto B. Quisumbing, Jr., was appointed by the President last week as chairman and executive director of the foundation.

"What we are going to project now," Alice continues, "is a new image for PAGCOR, that playing games at the casinos is not gambling. We'd like to look at it as entertainment for those who can afford it and who want to spend their time that way. In the



process, we enable the government to generate some income which will eventually be used for very worthwhile projects.

"Look at Monaco. Indeed, the casino was the reason Monaco became famous as a tourist spot, and this became the biggest source of income of the government. I think that if the public can be informed of the new direction of our operations, they will be kinder to PAGCOR. There was a time when people shunned those who were working in the casinos, but from now on, the employees will be able to say that they are truly happy and proud to be part of PAGCOR."

She quotes Quisumbing on the effects of PAGCOR-earned funds on the national economy: "The Philippine Business for Social Projects (including San Miguel and Ayala Corporations) was able to generate P18 million last year, which was utilized for small and medium-scale projects of 200,000 families in the rural areas. PAGCOR can give so much more than P18 million!"

She confirms that PAGCOR is one of the principal funders of Mother Teresa's new children's home in Cebu City. The PAGCOR employees, she comments, have become so imbued with such charitable zeal that they even work weekends, helping in the distribution of medicines and food to the various institutions that the corporation sustains. She adds: "I've

always been in banking, but as Mr. Quisumbing says, working in PAGCOR is also like being in banking, because the commodity is the same: money. Only in banking you try to generate more deposits or more savings. Here you try to generate more income so you can have more to help those in need."

Alice recalls with a laugh that her daughter, hearing she had been appointed to PAGCOR, had remonstrated: "Mommy, *huwag naman casino!*" "but after I explained to her the new direction of PAGCOR, she told me, 'Okay pala naman. Okay na, Mommy, pwede na.' I said it's just like the Philippine Charity Sweepstakes. It's also gambling but nobody criticizes it because all its money goes to charity. Well, also because the tickets cost so much less. But even if people lose more in the casinos, it's only the rich who go there

The first time Alice herself ever went to a casino was in Las Vegas "many years ago". The second time was only last January 6, when as PAGCOR caretaker she visited the Silahis Hotel casino on Roxas Boulevard. But now that she has been appointed chairman (on Jan. 13, along with new board members Ma. Lourdes Ong of the Office of the President; Maj.

Gen. (ret.) Romeo David; and Deputy Press Secretary Danilo Gozo) she expects to visit all the nine casinos scattered throughout the country "eventually".

Two weekends ago, she was in Cebu to meet members of the Casino Labor Association (CALAS) who, as in Manila, have been pressing for union recognition. Her answer was that this is a matter for Malacanang to decide. Her own thinking is that insofar as PAGCOR is concerned, CALAS ceased to exist after PAGCOR took over operations in June 1986 from the Philippine Casino Operators Corporation, the old management, which had continued to run the casinos after the February Revolution.

As to the threat of CALAS to once again declare a strike should management continue to withhold recognition, she believes that the majority of casino workers are for the gaming palaces to remain open and themselves earning good salaries. PAGCOR, she explains, has eliminated the foreign management group under the previous administration and has instead elected to employ "very professional" managers to run the different establishments. "You can see that almost all of them are happy that the casinos are open. They were closed for a while, you see, when there was a threat of a strike. So, they tried reopening the Olongapo branch first, rehiring 100% of the workers, except of course for the top people. Then they reopened Angeles,

then Baguio. So the workers were very glad that once again they were going to earn. And they are earning good salaries now. They have a basic pay and they share in the profits, under a profit-sharing scheme instituted by Mr. Quisumbing. The tips from the players are put in a common fund and distributed monthly. I think 85% of that goes to the operations people and 15% to the staff. I don't think the management under the previous regime treated them as well as they are treated now. I would like to think that our employees are now motivated enough to be more professional about their jobs."

There are a total of 2,446 employees in the corporation, including those at the PAGCOR offices at Norkis Building, Libertad and Calbayog Streets, Mandaluyong (where it occupies one and a half floors of a Quisumbing-owned building, rent-free). The rest are in the casinos, two of which are located in Manila and one a-piece in the cities of Olongapo, Angeles, Baguio, Cebu, Bacolod, Iloilo and Davao. It is a fact that the profit-sharing has resulted in the employees themselves monitoring operations and earnings. "They do not want any cheating to go on," observes Alice, "because it will affect their incomes. So productivity has increased!"

The figures released and a statement made early this month by former

Chairman Quisumbing have PAGCOR's present income as "about three times the normal income during the best years under the Marcos regime". And this with the casinos operating at only 70% of their capacity then.

A report of the old management to the Commission on Audit (COA) lists the following gross revenues for 1986: P56 million in January; P59 million in February. In June, after Quisumbing took over, the figures shot up to P79 million in March; dipped a bit to P70 million in April when labor troubles started boiling; and has climbed steadily since the casinos reopened in September -- after a strike forced work stoppage in mid-year. PAGCOR chief accountant Valerio R. Santos reported last week (Jan. 13) that the corporation earned a total of P912 million last year, of which P433 million was remitted to the national government and P46 million in franchise tax to the Bureau of Internal Revenue.

"The big difference now," points out Alice, "is that we have an accounting of funds. During the Marcos years, the COA was instructed just to audit the 5% franchise tax due the BIR. That was all. The rest was not required to be audited. Now Pres. Aquino wants everything laid out clearly before the public. Her intention, really, is to have all the money go to the government, to the foundation she has created."

Previously, she says, while PAGCOR funds supported hospitals and the like, withdrawals were usually at the behest of the former First Lady. It was not clear how much was spent for which projects. She goes on: "You know, if you have a good project and you approach the players in a casino for a donation, they will give you a certain amount. But definitely it will not be as much as they're willing to lose while they are entertaining themselves playing games. Now if we close down the casinos or privatize them (as has been suggested), the private groups will come in, put up their own establishments and earn money for themselves. With the government doing it, we will be able to draw out funds for very worthwhile projects. Why can't we look at it as something acceptable, like in Monaco or Las Vegas? These are government-operated projects included in the itinerary of tourists and advertised as tourist attractions. If we can somehow initiate such acceptance both here and abroad for our casinos --

anyway, they will be properly run now-we will be able to generate so much from tourists and from businessmen who can afford a little gambling. It will be very good for the country. And with the new foundation under Mr. Quisumbing and under the President herself, you may be sure everything will be handled properly. Walang kalokohan."

She laughs off stories that a presidential relative is the power behind the PAGCOR. "He has nothing to do with the casinos," she says. "He does not even call anyone here." As to why there was a need for a new set of officials for the gaming corporation, Reyes says it was because Quisumbing had asked to be relieved, having set into motion improvements in administration and management and increased revenues for the government. She expects to continue coordinating with him as he has now been appointed to head the new foundation which will manage and fund the President's socio-civic projects.

What about Jaime Cardinal Sin's objections to the casinos and the many ills that (he said) gambling gives rise to?

Reyes replies: "I think the Cardinal withdrew his objections because it was explained to him that while the President herself is not really agreeable to having casinos in the Philippines, they will be a good source of income that will help reduce the government's indebtedness. And also as fundsources for the social action and charitable projects of the government. It was also explained to the Cardinal that measures will be taken to see to it that teen-agers and those who should not be in the casinos will have no way of getting in."

There are no plans, however, according to Reyes, to move the casinos-such as those in Cebu City and formerly at the MIA-back to the buildings where they were previously located. The casino building at the MIA area, she says, is owned by the management group under the previous administration, which is asking a rental price of P5 million, whereas the Silahis and Hilton rentals put together come out very much lower. The hotels, she observes, welcome the gaming establishments because these generate more revenue for their food and beverage section as well as increase room occupancy. There are tourists, it appears, who choose to stay at hotels which have casinos.

However, it may be that a hotel may decide to ask for a rental or for an increase that the PAGCOR does not consider "reasonable", in which case, the PAGCOR will very likely relocate the casino to another venue, not necessarily a hotel as long as it is in a central area.

But why did PAGCOR have to move the MIA casino out of the building built especially to accommodate it by the previous operators, the Romualdez-Marcelo group, since the property was sequestered? Reyes replies that while there is no question that the MIA building is government property, the argument is not between PAGCOR and the PCCG but between PAGCOR and the previous management, which claims it has a 15-year contract to operate the casino. The government cancelled the contract, but a possible court case looms over this PAGCOR action. As it was, the reportedly uncooperative attitude of those who remained from the old management undoubtedly was responsible for the decision to move.



Players now have to show their cash before they may enter the casino premises. One must have at least P1,000 and further be able to prove he is the minimum 25 years of age. In which case, a residence certificate etc. will do. This will prevent one of Cardinal Sin's fears from materializing, says Alice: that teen-agers may easily enter the casinos, even without money and become gambling addicts.

PAGCOR's office hours are 9 a.m. to 6 p.m., which Alice appreciates since she along with the employees, thereby avoids the early morning and late afternoon rush of traffic. A native of Cavite but born in Pasay City, money is inescapably in her genealogy: her father was President Manuel Roxas Undersecretary of Finance Crispin Llamado, Sr. She graduated from UST High School in 1950 as salutatorian, took up two semesters of Education, then shifted to Business Administration, major in Accounting, at U.E., from which she graduated summa cum laude in 1957. Then it was on to Stanford University in California in 1961 for an M.A. in Business Administration, but not before topping the 1957 CPA exams (with a grade of 90.5%). Her husband was the late Major Renato G. Reyes, an intelligence officer, who died 18 years ago when his plane crashed off Tagudin, La Union while on a mission connected with smuggling.

There is now a Major Reyes Museum at the Philippine Military Academy, so named in his honor.

She has three children: Rosette, a U.P. veterinary medicine cum laude graduate in now working in a clinic in Australia; Rebecca, who is graduating magna cum laude in Accounting from U.P. and now preparing for the CPA exams; and Rafael, an Ateneo High School salutatorian now taking up industrial engineering at Stanford University. She is a member of the Philippine Institute of Certified Public Accountants (PICPA), Financial Executives Institute of the Philippines (FINEX), American Studies Association and Zonta Club-Makati, and director, Stanford Alumni Association of the Philippines. She was PICPA's Outstanding CPA in Government for 1983 and U.E.'s Distinguished Alumna in Government in 1974. She was director of the Philippine Overseas Construction Board and retired on December 30, 1986 as DBP governor.

While Alice's appointment to the PAGCOR has been generally welcomed, it is in connection with her immediate past position as governor of the Development Bank of the Philippines, where she was in charge of the industrial loans, that she received some amount of media flak recently. She says: "For Louie Beltran (Philippine Daily Inquirer editor-in-chief and columnist) to say that I recommended and approved the big crony loans in DBP is unfair to me. I think we should all understand the situation in the past. When there was a presidential decree or a marginal note on the loan papers, or anything like that, who could object? Very often, we tried to do our work in such a way that we would not be held accountable for some of those projects, by not recommending anything. In fact, in many of those cases, we would show the pros and cons and just leave it to the board (of governors) to decide.



"I recall one instance, when Cesar Zalamea was the chairman, he could not agree to the loan package, so he wrote to Malacanang to clarify the problems the DBP might have in case we approved what was suggested to be approved. That memo came back with the marginal note: 'Chairman Zalamea, I'm approving this for the second time.' So it's really unfair to blame the problems of the DBP on me. I was just one of the career executives there, just one of the governors of the board."

It is equally unfair to her, she declares, for Beltran to say she had the backing of certain personalities of the Catholic Church. "What Mr. Beltran should look at," she states, "and I have told many people this, is my own record in the government service. One of my friends told me that when checkings were made in the banking and business communities, the report said that almost everybody they talked to had something good to say about me."

One thing seems sure. Alice Reyes may feel right now like she's fallen through a looking glass, but she's definitely ready for the Mad Hatters of Casinoland.

#### Union, Aquino Brother Scandal

Manila MR. & MS. (Special Edition) in English 22-29 Jan 87 pp 9-10

[Article by Candy Quimpo--"Former PAGCOR Chairman Quisumbing: Reshuffling the Deck"]

[Text]

**A** CASINO union leader vanishes a few days before Christmas, 1986. The man was last seen toting a sheaf of documents which allegedly carried proof of foul play by the chairman of the casino management. Eight days later, he resurfaces. A taxi cab takes him to the waiting arms of his fellow unionists. He is in a drugged stupor, half-conscious, with slight lacerations along his arms and back, his wrists bruised by a noose about with imprisonment. The newspapers report the story. Soon after, the casino management's board of directors tender their resignations at the President's request. An

admission of culpability? That die may be cast in the wrong direction.

Norberto Quisumbing, Jr. is the PAGCOR board chairman in whose garden of sorrows all this bad news has landed. Jeffrey Teodoro is the union leader whose injuries speak louder than a thousand picket lines.

President Corazon Aquino requested the courtesy resignations of PAGCOR's four board members on Dec. 30, 1986, the day after Teodoro resurfaced. The resignations of three board members were immediately accepted: that of Cecilio Lazatin, Pablo Antonio and Magno Abrigo. The President however asked Quisumbing

to remain with PAGCOR as the head of PAGCOR's foundation which is tasked with channeling PAGCOR's net income to charitable foundations and other such projects.

The whispers have it that the termination of the three other PAGCOR board members arose not from the Teodoro issue but from a thorn that made the President's Time Woman of the Year bouquet a bit of pain. The President's brother, Jose "Peping" Cojuangco, has been linked ad nauseam to casino operations in an unsavory light. Time Magazine compounded the problem when it wrote of Peping as having been

"accused of reaping personal profits from two new casinos in Manila". The Antonio-Lazatin-Abrigo trio were known to be close friends of the presidential sibling. Peping has wearily informed the press that he has nothing to do with the casinos. He told a *Panorama* staffer last week that the only thing he has had to do with the casinos is recommending some of the appointees. The termination of his friends' posts in PAGCOR may not have been a comment on their performance but an attempt to more thoroughly disengage the Cojuangco name from the PAGCOR-run casinos.

Quisumbing, meanwhile,

has not been packed tightly away into a face-saving position with PAGCOR. In reality, he has been, pardon the expression, Ricked upstairs. The foundation he now heads fulfills the President's dearest dreams about reforming the image of that rare Filipino animal, the casinos (see preceding story).

But things have not always been coming up aces for Quisumbing. Teodoro has managed to paint a menacing picture of a man whose business career has yet to be tainted by scandal. Quisumbing scoffs at the lack of subtlety of Teodoro's kidnap story. Teodoro falls short of

accusing Quisumbing of masterminding the kidnap, the path he describes from the moment of abduction (see boxed story) to the "torture chamber" distinctly can be identified as the way to the Morkis offices (Quisumbing's family business and where PAGCOR is housed) in Mandaluyong.

Quisumbing is at the same time pained and indignant over the subject of Teodoro: "I treated him like a son. From the beginning, I thought he had a genuine gripe against the Philippine Casino Operators Corporation (PCOC)." Before PAGCOR took over the management of the casinos, the PCOC managed the gaming tables with PAGCOR acting on a supervisory level. The PCOC had refused to recognize the Casino Labor Association headed by Teodoro. Says Quisumbing, "Teodoro showed me letters about the Macaus (who ran the tables) alleging the salting of dollars. . . . and other complaints against the PCOC. Because he claimed he and his men were in danger and needed a safehouse, I allowed them to stay here in my offices. They slept here, drank my coffee. Then I found out that he intended to call a national strike on June 11 (the day before PAGCOR took over the management of casinos). It was really a trap--for PAGCOR to recognize the PCOC (as the legitimate management of the casinos)." Dealers who have since parted ways with Teodoro draw the inference that Teodoro may not have been interested in their welfare at all. These dealers allege that Teodoro may have been working for Edward Marcelo, PCOC president who of course would wish to keep the casinos' lucrative franchise. Teodoro denies the charge: "The only relationship I have with Edward Marcelo is that of a former employee with a former employer."

The takeover by PAGCOR of the casinos stirred up labor problems for the gambling institution. Employees feared that they would lose their jobs.

Quisumbing insists that the PAGCOR never intended that to be so. In PAGCOR's first advertisement recruiting new employees to the reopening casinos, the ad emphasized that first priority would be given to former employees of the casinos. Most of the former employees were later to be reinstalled in the casinos PAGCOR opened. Unfortunately, since the casinos were operated by hotels with their own restaurant facilities, the food and beverage employees could not be reabsorbed into the deal--unless they rejoined the casinos in different positions. In Cebu, PAGCOR bankrolled a canteen for 30 "disenfranchised" food and beverage people. The cooperative is now doing well. Quisumbing hopes that other F & B employers will follow suit. A group which was issued the same promise by Quisumbing claims that he reneged on his promise. Quisumbing however counters that the group never returned to follow it up.

The PAGCOR's new caretaker Alicia Reyes admits that Quisumbing is indispensable to her fledgling administration. Many of the reforms and ideas Quisumbing has instituted need nurturing by one who understands them. "When a difficult decision must be reached, I often seek the advice of Quisumbing who has had the time to understand this job perfectly,"

Reyes says.

Indeed, when compared to the progress of the previous management's, Quisumbing's achievements are many:

The gaming areas are now managed by Filipinos, not by Macaus who dominated casino operations for the nine years of PCOC control.

PAGCOR has reported three times the revenue reported by PCOC in its best years, with a growth potential of five times more before the end of 1987.

The share of the government and net incomes have increased three-fold.

Days-off with pay, unheard of during PCOC years, were declared for Christmas and New Year.

25% of casino funds go to the needy through the newly created foundation.

There is now higher ratio of foreign visitors versus locals registered over the last three months.

While employees were not allowed to socialize in PCOC days, PAGCOR has eased the stringent security to allow casino executives and employees to freely associate in groups and parties.

A full disclosure of revenues, expenses and incomes in all nine casinos has been implemented.

Claims Quisumbing:

"PAGCOR is the only casino operator in the world which bares open its records. . . not just to the 2,400 Pagcorians but also to the public."

The changes in PAGCOR have been many -- and many due to Norberto Quisumbing, Jr. The newspapers have been unkind to the man and Quisumbing, not given to suppressed rage, has worried image-builders for PAGCOR with his unchecked honesty. It seems however that, this time, fate may have dealt Quisumbing a kinder hand. Asked whether he petitioned the President for his present position, Quisumbing replies: "I didn't ask for it, I deserve it!"

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VILLEGAS BROTHERS' POLITICAL SPECTRUM-SPANNING ACTIVITIES

Manila MR. & MS. (Special Edition) in English 9-15 Jan 87 p; 15, 16, 18

[Article by Bernardo V. Lopez: "Blood is thicker than Ideology"—Bernie Villegas and his brothers take right, left and center on the political spectrum"]

[Text] The old lady opened the dusty wooden case and proudly displayed the 11 dried-up umbilical cords of her children wrapped in wax paper. There is an ancient saying among Batanguenos that if one keeps the umbilical cords of one's children together, they will never fight. This seems to be true of the three sons of the old lady, Dra. Isabel Malvar Villegas, the youngest daughter of Gen. Miguel Malvar, the Batangas rebel who defied American neocolonialism, the last to surrender in the Philippine-American War. The three sons of Isabel—Jose, Jr., (Joe), Bernardo (Bernie), and Edberto (Ed), from oldest to youngest, have somehow kept their camaraderie intact inspite of ideological conflicts.

Bernie, of course, is the most famous, the head of Center for Research and Communications (CRC), the celibate high priest of Opus Dei, and the archenemy of columnist Larry Henares. He represents the right-wing component of the family. But Joe hits the papers too, being the Secretary-General of Lapiang Manggagawa (LM), the only existing labor party today. Recently, he was instrumental in exposing the alleged diamond scandal of Gregg Araneta. Joe, a lawyer who hangs around labor circles, is gunning for a senate seat in the coming May elections. He is the "centrist", accused of being balimbing or a "political butterfly". In retort, Joe says, "What national leader anyway has not been a balimbing for the 'cause' of the masses? Magsaysay, Marcos, Aquino all moved from one party to another." He dreams of a labor government here just like that in England. Of course, Ed the youngest and the most low-profile, laughs at Kuya Joe's labor government concept. Ed represents the radical left-leaning side of the family, the inheritor of his grandfather's rebel orientation. Ed, together with Joma Sison founded the radical U.P.-based Kabataang Makabayan (KM). Ed was a political detainee for two years under the Marcos regime, having been in "solidary" confinement (they were 19 in one cell) for six months, a one-bulb no-toilet affair that tested one's spiritual strength. He recalls his harrowing experience under torture. Ed, after the February Revolution, is perhaps starting to shed off his low profile tendencies.



Recently, he wrote a two-part-series article for MALAYA entitled "Draft Charter is a Document to Legitimize Semi-colonialism" (Dec. 18-19, 1986). The Villegases—a high priest, a labor leader, and an "ex-d" have all their umbilical cords in one pile. Opus Dei, LM and KM, are poles apart but blood is thicker than ideology.

Back in their youth, the brothers three somehow influenced each other. Joe, the Atemero boy, was the party-goer, the "playboy" who dated girls left and right. He would drag Ed, the U.P. boy, along for his parties. For Ed was the intellectual loner and Kuya Joe wanted to balance things for him. Bernie, the La Salle, was the scholar, "the favorite of the nuns and priests", says Joe. Bernie was so bright that he broke all scholastic records in La Salle. He was valedictorian in high school despite enrolling late. In college, he was summa cum laude twice—in Bachelor of Arts and in Commerce. At 18, he entered Harvard. At 22, he got his doctorate in Economics, the youngest Asian ever to graduate in Harvard. Bernie, the "cloistered one", stood apart. Ed and Joe developed some closeness to each other. But Bernie influenced the religiosity of the two. He sent religious books, such as those of Thomas Aquinas, while in Europe, to Ed who was then in high school. Later he got Joe to join Opus Dei. Of course, Ed's books graduated to a higher plane. He later read Marx, Engels, and Kant.

The brothers three had diverse personalities. Joe was a dresser and drove his own car to visit his girlfriends. Bernie was driven by a chauffeur to school. And Ed, having an aversion for flair and form, was frugal, and did not care about nice clothes. He rode the jeepney if he could not hitch a ride with Kuya Joe. He stood apart because he had a natural affinity for the poor and the oppressed. His best friend in U.P. was the son of a peasant and he helped organized peasants in Tarlac and Pampanga as a college student. There were reasons for this diversity. Bernie, the religious scholar, got all the praise and attention of the parents, and Ed, the radical thinker, did not. Ed was a U.P. scholar.

The parents were "not impressed", considering the track record of the intrepid Bernie. This perhaps contributed to Ed's rebel orientation. Once, back in Ed's high school days, when mother scholded Joe and Ed, Ed convinced Joe to run away and they did.

1964 was a significant year. Bernie came home from Rome to establish Opus Dei. Ed established KM with Joma. And Joe entered politics, becoming a councilor of Quezon City. Blue (Ateneo), green (La Salle), and maroon (U.P.), went their separate ways. The Opus Dei founders were sharing the same Villegas compound in Singalong with the founders of KM. As Bernie and his cohorts planned the acquisition of the huge 25-hectare P20-million Opus Dei quarters (with five-star accommodations) in Calamba, next door, Ed and Joma and Nur Misuari (later on) were scripting the KM streamers for their parliament of the streets. Later on, Bernie would court into Opus Dei the military that would run after his younger brother.

But even Ed dares criticize Kuya Bernie's Papal connection. Asked about Opus Dei's CIA adventure as exposed by Larry Henares of INQUIRER, Ed says, "There is some truth to Henares' claims." He claims the CIA is close to the Vatican. He cites the book "In God's Name" which reveals a CIA plot to kill a radical Pope, Pope John Paul I died in 1978 under mysterious circumstances and a request for autopsy was denied. All 59 generals of the NAFP have reportedly passed through Bernie's hands, in his "CRC-Opus Dei" seminars on the three "isms"—Communism, Marxism, and Catholicism given to the NAFP top brass (Is Cory using Bernie to "sanctify" the military?).

After 1964, the activities of the brothers three, gathered momentum. Joe became the assistant of Macapagal. Marcos also gave Joe an arrest order for his involvement in the Quintero case. Joe initiated Eduardo Quintero's expose of bribery of CON-COM delegates in 1971. In 1980, Joe facilitated the Macapagal-Laurel alliance that gave birth to UNIDO. Bernie became Opus Dei's head for the whole of Asia. And Ed went underground under an assumed name upon imposition of martial law, and was involved with activities which would later lead to his incarceration in Camp Crame and Bicutan (It is interesting to note that in 1902 his grandfather Gen. Miguel Malvar refused the offer to be Chief of the Philippine Constabulary as compensation for his surrender. The post was accepted by Rafael Crame. If Malvar had accepted the offer, his grandson would perhaps have become prisoner in Camp Malvar. Ed, however, was tried in Malvar Hall in Fort Bonifacio, and was presented there to Marcos and the television cameras as an "exhibit" of political prisoners by the military).

Ideological debate permeates the lives of the Villegas brothers. Bernie believes that industry has to be developed before self-reliance is achieved. He recognizes mass poverty but, for him, the root cause is "erroneous economic policy" without blaming "the system", which Ed does. Ed sees the U.S. role as the root cause of our social ills while Bernie sees the U.S. as an ally in Filipino development. If Bernie can and does work with Cory, Ed sees her as a "U.S. prop". For him, Otalia's murder and Ferrer's appointment are U.S. machinations. Bernie claims he and Ed "never fight", they only have calm "ideological discussions".

Joe sees the world differently. His labor-government concept implied "an economic structure rooted in the ownership of the means of production by the majority of the people". In this way, Joe is perhaps "left of center". For him, in Communism, the economic forces are owned by the State while in a labor government, they are owned by the people. Bernie say it won't work because the Filipino is highly individualistic. Joe retorts that the Filipino was very communal before colonialism arrived. Ed says a labor government won't work because of our elitist orientation. The elite, for Ed, will never concede its interests. The only way is "for the working masses to construct their own system without relinquishing reform from the dominant classes to fully emancipate themselves". Ed adds that the labor government in England was bourgeoisie-based, whose interests are forever bourgeoisie (bourgeoisie socialism) and which use labor parties for their own political aims. In the

endless labyrinth of ideological squabbles, the brothers three never really fight. They end up talking of family matters. They try to change things in the field where they operate.

On the constitution, the Joe-Ed alliance of their youth crumbles. This time, Bernie and Joe are partners in the "yes" campaign while Ed is for a "no" vote. Bernie is all out for "yes" on almost all points while Joe likes the impressive pro-labor provisions. Bernie has designated Kuya Joe as official CON-COM manager for the "Yes" campaign. As for Ed, read his MALAYA article.

The Joe-Ed alliance once again surfaces in politics. Ed is pushing Joe and his LM party to support the Partido no Bayan (PnB) program, which has such a fantastic grass roots organization nationwide that it scares the CIA (The CIA's main counterinsurgency plan today is the infiltration of local government and the control of grass roots politics). A PnB partnership with LM, which has two million card-bearing members, can be a formidable political force.

Today, the brothers three are at the height of their careers. Bernie swings his right-wing axe as director of CRC, envisioning economic development with the aid of Superpower America. He also has key access to the hearts and minds of the generals through Opus Dei seminars, exuding awesome political power. Joe heads the LM senatorial ticket for the May polls, feverishly preparing for a nationwide campaign. He recently organized the Workers' Consultative Body on Overseas Employment (WCBOE), an impressive labor umbrella. Joe is also instrumental in a previously-unpublished historic tie-up of LM to a People's Republic of China housing program. (The Chinese requested to cut any big-bang publicity). Ed is chairman of the Center for Applied Research and Library Services (CARLS) which caters to the needs of the working class. He is also a board member of IBON Research Center, whose date bank is fast gaining fame. Ed, who has a doctorate in Public Administration at U.P. is presently a U.P. professor, teaching Development Studies (or Political Economy).

The Villegas brothers are today somehow descendants of the revolutionary zeal of their grandfather-general, Lolo Miguel. That zeal is least found in Bernie, who opts to work with the status quo. Ed is the true revolutionary. Even his penetrating eyes and pointed eyebrows have an amazing resemblance to Lolo Miguel's. But it is in spirit that Ed inherited the General's nonconformity. Joe is also a rebel of sorts. He was kicked out of Ateneo Law School in 1959 when, as a president of the student council, he fought against "racist" actions of some pro-American Jesuits by staging a general strike. He could not stand derogatory remarks against law professors Raul Manglapus, Ambrosio Padilla, and Roberto Concepcion. Joe fought for the Filipinization of the Jesuit law faculty. The fiasco ended up in court with Judge Nicasio Yatco, one of the professors who walked out, ordering Ateneo not to expel the rebel students.

General Miguel Malvar was the first to employ guerrilla warfare in Philippine history. He was the stubborn rebel who refused to concede to America's superiority. He lives today in his three grandsons, the elusive triumvirate who are lost in the chaos of Filipino endurance.



'LEFT-OF-CENTER' WORKER'S PARTY PROFILED

Manila MR. & MS. (Special Edition) in English 9-15 Jan 87 p 17

[Article by Roland Pascual]

[Text]

**I**N THE President's outer democratic space, *Lupang Manggagawa* (Workers' Party) eagerly occupies the left-of-center. Their proud claim? A strong labor party in government is an alternative to bloody revolution.

LM was unofficially launched by pillars of the labor movement in 1963. It pledged its support for labor leader Roberto Oca's bid for the Manila mayoral post. Party founders included Felixberto Olalia, Sr., Cipriano Cid, Ignacio Lacsina, Vicente Rafael and Jose Ma. Sison, later elected veep for education. Oca, then president of *Katipunanang Manggagawang Pilipino* (which later evolved into Marcos-backed Trade Union Center of the Philippines), lost heavily to Liberal Antonio "Yeh-bal" Villegas.

Unfazed by the popular vote cast against them, LM was officially organized as a political party in 1964. Even before filing for COMELEC accreditation, however, LM

endorsed the Lacsina-Rafael presidential tandem. LM was barely rearing its head for the '65 polls when Rafael formed the short-lived Consolidated Labor Party which split when Rafael supported Macapagal's reelectionist bid for the presidency. Lacsina, on the other hand, with Olalia and Sison, organized the Socialist Party of the Philippines (which later dissolved to become the CPP). Oca was eventually "pirated" into the Nacionalista Party.

Through the years, since LM's uneventful '66 split, colleagues branched out into diverse camps of the above and underground spectrum.

Fifteen years of political dormancy notwithstanding, LM comes rising from the dustbin of history. The August Assassination stoked the Party's torch into burning anew, with lawyer Jose Malvar Villegas, brothers Pelagio "Doding" and Jacinto Tamayo in the forefront of the persistent call. They petitioned for



COMELEC accreditation October 18, 1983 and was granted that in a minute-long resolution November 18 of the same year. November 30, Bonifacio Day, LM was launched as the first ever accredited labor party in the country, counting 21 presidents of federations as its founders — 10 from government-recognized TUCP and the rest from independent federations. It claimed about 1.5 million initial mass membership.

Joe Villegas, LM secretary-general, recently voted as chairman of the two-million-strong Workers Consultative Body on Overseas Employment, exhorted at the time: "We will be the party in power in 1987. This will be preparatory in the (then projected) coming presidential elections."

Of course, the Batasan elections got in the way of presidential hopes. LM's candidates mostly run under coalitions or as LM guest candidates. "We will join the game whatever the election rules are," Joe Villegas announced. Jacinto Tamayo, LM president, later boasted: "(It marked) the revival of organized labor as a force in suffrage."

If claims are to be believed, about 40 or so LM-backed Batasan candidates made it to the now debased legislative halls. LM's hopes then was to counter "professional politicians" and to play "center as we

don't like to be identified with any other party because ours is only for the workers . . . Our party is not an enemy of any other party". And so ensued the lonely battle inside the Batasan, "pitting (LM's) political strength against old time politicians and (even) politicians in exile and political absentees during martial law". The core of their struggle was to prove that "no (legislature) is complete without a labor party strongly represented".

But then the rumors of presidential polls could not be ignored. Even before the '87 polls was called off in a snap, LM's history repeated itself.

Christmas, 1984. LM endorsed the ex-Senator Rodolfo Ganzon-assemblyman Roy Padilla tandem — the "labor team". Ganzon soon became a Marcos boy even as Padilla retreated to his almost solitary crusade in the Batasan. Indeed, while LM detractors readily speak of LMists as the "classic *balimbings* (multi-faced opportunists)", LM stalwarts would much rather look back at their history as one bludgeoned by "political loyalty-buying" and other disloyalties. With regards Ganzon, widely-hated by Yellowists as he became one of the most vocal for KBL immediately before and after the Snap Polls, Joe Villegas has this to say: "We were surprised. He was detained by Marcos for a long time and has a good record."

It took the Revolution to LM's great relief, to infuse fresh credibility to the party long suffering from an "image deficiency". LM has recently affiliated itself with the President's Lakas ng Bansa. Villegas further intimates that he may represent labor in LAKAS' senatorial slate.

LM's platform still stands: progressive and nationalistic legislation and their effective implementation; workers' rights to self-organization and collective bargaining; better working and living conditions; people's right to self-organization; eventual ownership of land guaranteed by government; adequate social services; wages and fringe benefits proportionate to cost of living for all classes of workers; support for dynamic trade unionism; nationalization of public utilities, mines, communications, franchises, publications and media in any form.

And so LM shall be fielding candidates in the coming elections, believing the charter, if ratified, "is closer to the prospects of a labor government". LM stalwarts rattle off countries where strong labor parties prevail over government, thus "preventing bloody transitions and the institutionalization of dictatorships".

To date, as drawn up on LM boards, about 52 labor federations back them, and LM notes: a federation comprises 30 to 40 unions.

While LM speaks from a labor party based on unions, it also claims to be influencing the unorganized labor — vendors, students and professionals. LM categorizes laborers not only as the "toiling masses in factories" but all who are employed by capitalists.

LM's national directorate contributes at least P1.5 million a year or P125,000 monthly to Party funds. With all other fees considered, LM survives on a whopping P7.5 million a year. LM officially claims to have now about two million members.

At least officially, LM does not scoff at the militant labor center *Kilusang Mayo Uno* nor the TUCP. But LM's strength, as a political party, has yet to prove its mantle over a supposedly "awakened" if enlightened citizenry. In the forefront of LM today is Jose Villegas, a probable senatorial candidate, who willingly puts his career, which is synonymous to his life as labor leader-politico, on the line: "Our strength can be tested by the number of votes I could muster." **APR**

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## OFFICERS VIEW QUESTION OF NAFP COMBAT READINESS

Quezon City VERITAS in English 11-17 Dec 86 pp 14-15

[Article by Reina Marie Casenas]

[Text]

**G**IVEN the pessimism expressed by many military officers about the success of the substantive phase of government negotiations with Communist rebels during the 60-day ceasefire, which started December 10, it was a question that seemed logical enough: Does the military have the capability to win an all-out war against insurgents if peace talks collapse?

But logic isn't always simple. The cryptic rejoinder of AFP Vice Chief of Staff Maj. Gen. Salvador M. Milaon was: "The CPP-NPA does not have a military objective. So what do we mean by 'win'?"

It served to drive home two things: that the military is aware of its limitations in a "political war"; that the military knows it cannot "win" it alone.

It also reveals that the military mind is uncertain about whether or not the civilian mind, both in and out of government, shares its definition of "winning" in the context of an anti-insurgency war.

There is no question in the minds of military top brass, however, that the hardware component of the country's defense system, while embarrassingly inadequate against aggression, will be an effective, certainly deadly, sword — once unsheathed — against "the enemy within."

Understandably, hard facts on military logistics support remain classified. A logistics officer shrugs and says: "The enemy will just have to keep on guessing."

Still, Col. Nick Fortin, chief of ordnance (military weapons and other materiel) and chemical services, claims that the armed forces has enough firepower to fight an anti-insurgency war for a year, "without replenishment from direct purchases or through US military aid."

Belg. Gen. Oscar Zalamea, deputy chief of staff for logistics (J-4), states the obvious: "If you consider the enemy, which has in-

ferior combat power and weaponry, then, of course, we have the capability to win." And while there seems to be a need to improve mobility and communications support for the soldiers in the field, this is not deemed crucial against an enemy which clearly lacks sophistication in these areas.

"What we've done in counter-insurgency operations since February can only be called police action," says Colonel Cruz, a senior aide at J-4. "If the word is 'Go,' we will proceed to use firepower that we have not yet used against the insurgents: fighter planes, tanks, artillery, for example."

Seeing this *Veritas* reporter wince, Cruz says: "You're right. It's going to be bloody, like Min-

danao in the 1970s. Bombs and mortar aren't choosy about their victims... and a lot of innocent lives would be lost in the process."

The armed forces, with a total strength of 220,000, enjoys a 10 to 1 advantage over the New People's Army forces. The army, comprising the biggest major service, numbers around 70,000; the navy 26,000; the air force 16,800. The Philippine Constabulary, purely for internal defense and composed of one brigade and 12 battalions, has around 43,800 armed personnel. The Civilian Home Defense Force (CHDF), organized and fielded in counter-insurgency operations during the Marcos era, numbers around 65,000.

It is in the "software" department that the military establishment feels the need for intensive re-programming.

After the February Revolution, one of the first policies laid down by AFP Chief of Staff Gen. Fidel Ramon was to effect a shift in orientation in the organization of the armed forces.

To a man, the present crop of generals agrees that the Marcos government used the armed forces as a "private army," with all its resources dedicated to the security of then President Marcos.

The Presidential Guard grew to a six-battalion command bristling with military hardware. Concentration of logistics support in

Metro Manila was such that the number of staff cars and administrative types of vehicles in the capital region outnumbered patrol jeeps in the field.

Intelligence networks were used for "peripheral functions" — like the compilation of political dossiers — undertaken by the previous regime to maintain itself in power. Intelligence funds were misused for political, even personal, gain because "controlado noon ang COA ng higher-ups."

Because of "patron-crony relationships" cultivated by Marcos in the armed forces, the organization grew bloated and top-heavy. According to Col. Danilo Vinasos, a retired naval officer, many generals were performing jobs that could be handled by captains and majors. Enlisted men were assigned as gardeners, bodyguards, orderlies. There was a low tooth-to-tail ratio — 1 combat/maneuver soldier to 7 "chairborne" personnel — to the detriment of field operations.

Promotions were based on loyalty to Marcos, not on merit. "I was also young criminal, siya pa ang na-promote," says another retired officer.

It was learned, however, that Ramos' policies toward professionalism and a "people-oriented" allocation of resources, carried out during the lull imposed by the Aquino government's reconciliation efforts, have greatly improved military capability to fight the insurgency.

Based on the premise that "the armed forces is for the security of the Filipino people and not for any personality or political party," logistics and intelligence support were pushed to the field.

Deputy Chief of Staff for Intelligence Brig. Gen. Antonio Samonte reveals that streamlining of

functions and stricter mechanisms against misuse of funds have "significantly" increased intelligence support to combat units.

"The lull has given us the opportunity to set up more networks, pushing more men and more funds into concentrated operations against threat groups."

There are four threat groups, as defined by the new AFP intelligence: the MNLF, the CPP-NPA, criminal elements and opposition groups "whose objective is to destabilize the government."

Asked about the alleged use of intelligence to compile political dossiers by groups loyal to then Minister Enrile, Samonte says: "Wala na kami roon."

Navy Capt. Tirso Rosal, senior logistics officer, says: "Just to give you an idea about the priority placed on field units, in this office alone we used to have four staff cars and 24 jeeps. Now, we have two cars and eight jeeps." Multiply this by the number of offices similarly stripped of excess vehicles, and extend the policy to war materiel, and one begins to get the idea.

Rosal also cited tremendous improvement in the systems and procedures involved in the procurement of supplies. As he describes it, there is no longer much room for hanky-panky; no reason for anyone to sit on papers being processed. "Follow up of purchase orders by suppliers is discouraged," Rosal says. And the soldier in the field should get his supplies without much delay.

General Mison says: "Actually, we have received additional funds from the government. But even with the same budget, we can still give more because we have realigned our priorities. More resources are now reaching the soldiers. . . this has really done a lot to boost morale."

On corruption, Mison adds: "At the highest levels, corruption has been completely stopped. I don't know about (corruption) down the line. We have been trying to set the example and to let them know that we are watching."

Naturally, training of armed forces personnel is "a never-ending process."

Back-to-basics training has been restored in the soldiers' schedules. Military discipline — obeying orders without question and following the chain of command — is being stressed in an organization where bypassing on both ends of the chain had become the norm.

"Our biggest problem," Mison reveals, "is instilling in our men the dedication to fight for a cause. Many of our soldiers do not appreciate the grave danger in case of a Communist takeover. . . this is a fight for survival."

**B**UT the generals know, from lessons learned in Vietnam and right here in the Philippines during the Marcos era, that the size, quality and logistic support of the armed forces, though crucial factors in conventional warfare, are not at issue here.

"By studying the insurgency movements of the world," Mison says, "some theoreticians, for purposes of dissertation, have said: 'Okay, the ratio should be 3 (soldiers) to 1 (guerilla), or even 4 to 1.' But we know that's not exactly correct."

"In Malaysia, the ratio was 3 to 1, and yet General Templar, the British commander there, was able to win," Mison adds. "But in the case of Algeria, the ratio was 60 to 1, and yet the French lost."

The crucial factor, present in one and absent in the other, was people's support.

A retired general said if the armed forces had launched an anti-insurgency campaign right after February, they would have been successful because of overwhelming people support. Interviewed at the height of military coup rumors, the general added: "Now, I'm no longer sure."

Mison adds: "It's very unfortunate that we are still looked upon by the people as the oppressors. Some of our men are guilty of creating that image. The earlier we can correct this, the better for us."



"We have shortcomings, faults," he says. "But if we establish enough credibility in our willingness to take action against abuses, then the people can start putting up constructive criticism, rather than cutting us down."

With the cessation of hostilities in the next 60 days, the generals realize only too well that the battle, for them, has been transferred temporarily to another arena — the hearts and minds of the people.

In his first policy speech last Tuesday, newly-appointed Defense Chief Rafael Beto said: "Perhaps, our personnel had been so obsessed and occupied in the past with fighting dissidents that they had forgotten the basic tenets of discipline, courtesy and the imperative of establishing good relations with the civilian populace."

After February, Ramon appointed Brig. Gen. Jose Almonte, now retired, to handle civil-military relations and other non-military activities, and to propagate the spirit of reform throughout the armed forces. Almonte, considered a guiding force by the Reform the Armed Forces Movement (RAM) during the most dangerous months, was widely perceived to be the best person to do it.

Almonte believes it all boils down to a conscious cultivation of Filipino military traditions, forcefully reshaped in February and confirmed recently when the armed forces opted to support the civilian government during the coup rumor months.

What emerges is a code of honor that echoes traditions learned during the colonial periods when the military exercised their profession "not primarily in the defense of their countrymen and protection of the people against external threats, but in the service of (the colonial powers') interests." He cites the role played by Filipinos who joined the *guardia civil* and the

early Philippine Constabulary in the "pacification of the natives."

The code rejects the ills and excesses during the Marcos period when the military was "a political partner" in maintaining power and accumulating wealth.

Rather, it draws heavily from the spirit and courage of Lapu-Lapu, the selflessness of Bonifacio, the patriotic-religious 13 Teachings of the Katipunan, and the lessons of the People Power Revolution.

Almonte says: "The emerging martial traditions make the armed forces a reliable partner of the civilian leadership, particularly during this period when a new Constitution has not been approved by the people, and popularly elected local officials and a legislature are not yet in place."

Many officers feel that though there is "only a one per cent chance" of success in the negotiations with the rebels, the 60 days provide the government a reprieve in a race against time. There is hope among these officers that the appointment of Minister Beto, who has sworn to "play with the team," means that suggestions from the military in matters relating to the insurgency will no longer be met with distrust.

"If the ceasefire fails, then Government has no other recourse but to defend itself," General Mison says. The only means available for the Communists' objective to gain state power is the armed struggle, as in the past 17 years, he adds.

The generals believe that the civilian government must undertake a concerted effort to win the ideological war. It must be

able to convince the people that the Government and reforms instituted according to its terms are better than the Communist option, they said.

Almonte adds: "The critical factor is the moral superiority of Cory. This must be protected and strengthened. If she finds the moral basis to unsheathe the sword, only she can mobilize the nation to fight. Any resistance or non-cooperation of other sectors will weaken the political will and strengthen the insurgents."

In bitter recrimination, retired Brig. Gen. Indro Agunod, assistant defense secretary for plans and programs, says: "We will begin to lose the war right from the start, because the other ministries are not getting in on the act."

"The Communists have 14 fronts covering all aspects of government — agriculture and agrarian reform, justice, labor, social services, education, health and others — and we don't have the equivalent. . . we have paper ministries, that's all we have."

A ceasefire would be useless, Agunod adds, if there is no comprehensive rebel-returnee program to help those who want to come down from the hills.

On the other hand, he continues, all-out war would be disastrous if there is no local government to receive and take care of refugees fleeing from battle-torn zones.

"*Mabuti pa noon sa panahon ni Marcos*," Agunod says. "It took the ministries then eight months to come up with a program for rebel-returnees. The program had organization and resources. But the Marcos regime lacked one fundamental thing: credibility."

"What did we do with this program after the Revolution?" Aguino asks. "We junked it simply because it was a Marcos program. But the ministries did not come up with a replacement."

General Mison warns against the tendency to simplify the problem. "The NPA is the tool of the Communist Party of the Philippines; the AFP is the tool of the present government. This is a political war."

Mison adds that this war will be decided by "whoever has the greater resolve, the greater motivation, the greater belief in the system for which they are fighting."

Minister Beto says: "If you've got the enemy running or hiding, it doesn't mean you've won. They'll just turn up elsewhere or at another time."

Almonte adds: "Even if you've annihilated the enemy today, if you haven't solved the root problems that give birth to insurgency and feed its growth, the whole thing will start all over again in 10 years time. During the Huk Rebellion, the issue was land. This was the reason for the land for the landless program. Today, it's more complex."

Military officers believe that Communists are fighting on two fronts: the armed struggle and the parliamentary struggle (referring to the Partido ng Bayan). "No other nation in the world is confronted with this kind of problem," General Almonte says.

In the view of the generals, the question — no longer so simple — must be expanded to include whether or not Government can win a war against the Communist Party of the Philippines.

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CSO: 4200/338

**HONASAN-TRAINED ZAMBALES CHDF PROMPTS CONCERN**

Quezon City VERITAS in English 18-24 Dec 86 p 21

[Article by Riza A. Moises]

[Text] The armed men, numbering 50 to 70, roamed the streets of Castillejos town, Zambales during the February snap presidential polls, drunk and menacing. Brandishing their Armalite rifles, they harassed the townsfolk, who had come to fear them and the very mention of their name. They were called Jaguar Diablos, members of the Integrated Civilian Home Defense Forces (ICHDF) in the small farming town.

They have become less visible since military authorities deployed a military task force in the area and assigned a Constabulary officer, Lt. Edgardo Tinio, as station commander of the town's police force. But the situation in the town remains tense. Says Mayor Manuel V. Felarca: "The residents were afraid that the Jaguar Diablos might come back, now that the local and national elections are approaching.

The residents' sense of unease stems from reports that the Jaguar Diablos remain armed.

Veritas sources said the group was issued firearms in late 1985, when its members underwent training at the private ranch of former Governor Vicente Magsaysay in sitio Casagatan, Looc. They were reportedly trained by Col. Gregorio "Gringo" Honasan, former chief security aide of ex-defense minister Juan Ponce Enrile and a family friend of the Magsaysays.

What disturbs Castillejos townsfolk these days, according to a military source, is that out of 85 Armalite rifles issued to the former governor, only 10 have been recovered to date.

The Jaguar Diablos, according to the source, had been intended "to beef up anti-insurgency operations in the province." Instead, they were used "primarily for political purposes, particularly during the February snap presidential elections." He adds however, that he is sure Colonel Honasan "was not even aware that the group was not really used for anti-insurgency purposes."

A barangay official in Looc told Veritas that during the training of the Jaguar Diablos in Casagatan, they were often "out in the streets at night,

going on drinking sprees, when they were already drunk, they caused a lot of trouble in the community." Residents say that up to a few months ago, they often roamed the streets, opening carrying their firearms.

Zambales Vice Governor Cesar Baretto, who denies knowledge of any private army in the province, says the Diablos could be the group mistakenly alluded to in the papers as "a private army in Zambales."

Castillejos mayor Felarca has been hard put easing his constituents' anxieties, often stirred by rumors revolving around the Diablos. He recalls that at the height of the Aquino-Enrile rift, the town buzzed with talk that 1,000 men were being recruited for training. "It turned out to be just plain rumor. Besides, 1,000 men would be very hard to hide," says Felarca.

Happily, reports of a more encouraging kind reached the people of Castillejos recently. President Aquino's directive to Defense Minister Rafael Ilete to flush out all loose firearms in the country has raised hopes that the Jaguar Diablos may finally be disarmed, and Castillejos townfolk can live in peace again.

The task won't be as simple as that, though. Task Force chief Lt. Edgardo Tiño complains, for instance, that his men's efforts to track down the Jaguar Diablos have been stymied because "nobody wants to come out in the open to testify."

He has, in the meantime, maintained an "alert team" at the station, on duty 24 hours a day.

Meanwhile, RECON III commander, Brig. Gen. Eugenio Ocampo Jr., said that he has ordered his commanders to continue flushing out the firearms. He did not, however, set a deadline for their recovery.

"We are not even sure whether there firearms are still within the area," Ocampo said.

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## DISPLACED FARMERS SEEK REDRESS IN COJUANGCO LANDGRAB

Quezon City VERITAS in English 18-24 Dec 86 pp 22-23

[Article by Carolyn O. Arguillas]

[Text]

Land reform, one of the so-called pillars of Ferdinand Marcos' "Revolution from the Center," was to many Filipinos, nothing but an empty slogan. For farmers in Agusan del Sur, the reality was "land reform in reverse."

*Three years ago, they lost their lands to Marcos crony Eduardo M. Cojuangco, Jr., by virtue of a Presidential signature.*

The Marcos grant of some 5,200 hectares of land to seven Cojuangco companies now collectively referred to as Prosperidad, Agusan del Sur as PAGCOR or companies and the subsequent purchase by the companies of thousands of hectares more from farmers who claim they were forced to sell, left thousands of settlers, claim-owners and titled landowners landless. With the assumption into office of President Corason Aquino, and with the inauguration of the companies, the displaced farmers now hope that the land reform program of the Aquino government is not another empty slogan. The PAGCOR case could yet turn out into the test-case of the Aquino administration's sincerity in its pursuit of genuine land reform.

*Now, they want their lands back.*

**T**HEY wrote petitions. Launched protest actions. But then President Ferdinand E. Marcos ignored their pleas. They still write petitions now. And have threatened to "take over" if President Aquino's government delays action on their demands. The farmers of Agusan del Sur hope that the waiting will not be long.

Until three years ago, claim-owners and titled landowners had been planting these vast tracts of land to coconut, cacao, falcatta, abaca, rice and corn. Then the men of the Marcos crony came, bulldozed and cleared the area to turn it into a plantation.

Today, one sees abandoned buildings, staffhouses, and a long airstrip amid the thousands of hectares of land now dominated by tall cogon grasses and weeds — reminders of the corporations that Eduardo M. Cojuangco, Jr. left behind, the sight of which continues to break the heart of the displaced farmers.

Those who claim they were forced to sell say they are willing to buy their lands back on installment. They, along with those whose lands were "grabbed" pray for a Presidential signature to convert these now idle lands into a land reform area.

**M**RS. Concepcion de Castro, a Grade 5 schoolteacher in Azpetia, Agusan del Sur, never entertained the thought of parting with the family's 11-hectare farmland. It was, after all, their only property, and they depended on its cultivation for the support of 11 children.

"I did not want to sell those lands. But they made us feel we really had no choice."

Anacleto Sacro Alajas, 70, lost their "panginabuhì ug panggastos sa anak" (livelihood and source of funds for the children's needs) because the companies forced them to sell their 24-hectare land, a major portion of which was planted to coconut, cacao and abaca. The company manager Victor Gross, accompanied by company guards, reportedly visited them four times,

according to Mrs. Alajas, adding that this was "aside from the earlier visits of the canvassers."

Mrs. Alajas recalls that although they were not directly harassed, "*pugon ka sa yuta*," (they forced you to sell your land). The men came bearing documents that waited only for their signature. Mrs. Alajas told *Veritas* they finally agreed only because she was afraid the companies would take away their lands, without commensurate recompense, some other day. Gross is reportedly in Davao City but efforts to contact him proved futile. He is now reportedly in Malabang, Lanao.

Alajas, de Castro and all the rest who were "forced" to sell their lands were paid only P4,000 per hectare of cultivated land; and P3,000 or P2,000 per hectare, depending on the "canvassers" appraisal of the lands. They were not paid at all for their plants and crops.

Most of the farmers, who had no land titles but had tilled their lands for years, filed their claims for land ownership years back and paid land taxes. The entry of Eduardo M. Cojuangco, Jr. into the picture shattered their dreams of owning the land they tilled. One day, they found the trees and crops they had planted and which had sustained their livelihood for decades, bulldozed and cleared.

The companies had become the owner of their lands.

**T**HE farmers' nightmare began with Marcos' issuance on July 19, 1983, of seven special patents, covering 5,260 hectares of allegedly public lands in Azpetia, Libertad, Mabuhay, Los Arcos and Maguysay, all in Prosperidad, Aguan del Sur, in favor of seven agribusiness corporations all owned by Marcos' crony and alleged front-man Eduardo M. Cojuangco, Jr. The companies were United Aguan Agro-Forest Developers, Inc.; Prosperidad Agricultural Corporation (PAGCOR); Santa Irene Agro-Forest Development Corporation; Los Arcos Agricultural Corporation; Loreto Forest Land Developer, Inc.; La Purissima Agricultural Corporation and Esperanza Forest Development Incorporated. One man served as President of all seven corporations: Cojuangco's Makati-based lawyer and associate, Antonio C. Carag.

The special patents were granted to Cojuangco by the power of Republic Act 926, which authorized the President to exchange public lands for landed estates acquired by the government. Under the terms

of the special patents grant a deed of exchange was executed "by and among the President of the Philippines, representing the Republic of the Philippines, Eduardo M. Cojuangco, Jr., representing the heirs of

the late Eduardo Cojuangco, Sr. and the heirs of the late Ernesto Oppen Jr., and the seven companies represented by its president Antonio C. Carag."

All seven companies are now collectively referred to in the areas as PAGCOR or companies.

The areas covered by the special patents were declared "public lands" by Marcos.

In truth, there were occupants and claimants to the land.

Ironically, the provincial office of the Philippine Coconut Authority, which had Cojuangco as one of its officials, reported in its 1979 survey that some 465 persons occupied and had claims to a total of 4,181.75 hectares in the area.

Curiously, though, a notation at the bottom of the Special Patents indicate that a survey on the lands granted to Cojuangco was conducted pursuant to PD 1859, issued Jan. 14, 1983, which launched the Nationwide Coconut Replanting Program. The special patents also indicate that the "survey was executed in accordance with law and existing regulations promulgated thereunder, by Napoleon F. Alaba, Geodetic Engineer, on Nov. 15-Dec. 29, 1982 and Jan. 20-28, 1983 and approved on Feb. 23, 1983."

Observers here refer mildly to the notation, pointing out that most of the lands were surveyed Nov. 15-Dec. 29, 1982 or

before the Decree was promulgated. The question that has been raised several times is "did the people behind the survey anticipate the decree, or even worse, was PD 1859 proclaimed in order to accommodate the interests of Cojuangco and the PAGCOR project?"

**I**N 1983, a paper entitled "Profile of the Farmers Affected By the Cojuangco Land Grants in Barrios San Lorenzo, San Martin, Mabuhay and Maguysay" reported that the total land area claimed by 420 settler-families in these barrios (this does not include the other affected barrios) is 3,799 hectares. Of these, 78 per cent or 328 claimants were paying taxes for some parts of the land they cultivated.

More than 3,200 hectares of the total land area claimed by the settlers had been purchased from previous settlers and claimants. More than 1,350 hectares, most-

ly logged-over areas, were taken by settler-families by occupation. Around 150 hectares were inherited by occupants from their parents or relatives while around 56 hectares are claimed as ancestral lands by tribal Filipinos.

Of the 420 families, 64 or 15.23 per cent had tilled the land since before 1970. A few of them occupied plots as early as 1938 and 1943. Most of them came in the 1960s. Almost three-fourths (310) or 73.8 per cent came in the 70s.

Based on these findings and other studies, the Special Committee of the Sangguniang Panlalawigan of Agusan del Sur concluded in a letter to the Provincial Governor on December 20, 1983: "... it is evident that there are occupants/claimants inside the areas covered by the aforementioned special patents, whose prior rights stand to be affected by the issuance of said patents... Most of these occupants have been paying real property taxes over their respective claims and/or occupations."

The SP's findings and conclusions were simply ignored.

And so were the protest and petition letters of the farmers.

When the *compramis* came, it was not to replant coconut, as the Special Patent indicated. When the lands were cleared, eight nurseries of coconut, cacao and ipil-ipil were put up and according to OIC Governor Ceferino Paredes, Jr., PAGCOR "was acquiring another 10,000 hectares rendering hundreds of other families landless. The group was then aiming at acquiring 100,000 hectares for plantation purposes, eating up about 12 per cent of the total land area of the province."

The tillers of the land, who had nowhere to go, became laborers paid on "*pakyaw*" basis.

To make matters worse for the dispossessed farmers, most of the laborers hired were from Davao and Surigao.

More protest letters were sent. Rallies and other forms of mass protests were launched, but to no avail.

UNTIL one day in 1984, something happened inside the *compramis*.

Leo Banasig, formerly a nursery supervisor at Salimbugaon (also of PAGCOR) and now with the provincial government, recalls that at about 6:30 in the morning of May 8, two armed men, with red kerchiefs tied around their head on a motorcycle, came to him and asked him to gather his men. The armed pair talked to them briefly and then asked Banasig and his men to get their belongings and leave the area.

Banasig would find out later that exactly the same thing was going on in the other nurseries.

A local paper reported the incident thus: "At around 8 in the morning, machineries of PAGCOR which is owned by Eduardo Cojuangco, Jr., was burned by armed men. These men are believed to be against the entry of this corporation since it had made many people landless. Among the equipment burned were eight dump-trucks, five tractors, three bulldozers, one ten-wheeler, one grader one steam roller, one payloador, and one back hoe. Also burned were the bunkhouse, canteen and the stock of fertilizer and sprayers.

Twelve Honda 125R motor bikes and 12 chainsaws were not burned but taken along by the armed men. From the canteen they confiscated sacks of rice and canned goods. A five-hectare nursery was bulldozed."

THE trouble in the area heightened. According to Gov. Paredes, "massive and intensified military operations" started on May 11, 1984, when the 1st Brigade of the Philippine Marines was deployed there. "It marked the beginning of the reign of terror in the communities afflicted. Arrests, tortures, summary executions (or "salvaging") and mass evacuations became part of the day-to-day lives of the poor and afflicted farmers." The military command in the province has since the February revolt been reorganized.

For Paredes, the rise of plantations in Agusan Sur, always seemed to spell trouble for the farmers. "We have observed a pattern. First, the killings: Before we had any inkling that Cojuangco was coming in, there were incidents of killings in the area, "perpetrated by the NPA." True there were a handful of true NPAs but there are no NPA fronts in Agusan Sur - they only operate within shared boundaries. In plantation incursions, these so-called NPA create the situations so that necessarily, militarization sets in. Then the plantation is set up. The pattern that we have observed and we hope will not happen again, happened in the NDC-Guthrie plantation, in Agusan Plantation, in CDC, in Pagcor. You see, when the situation is tense, the

landowners who refuse to sell are forced to sell or worse, are forced to abandon their lands."

On July 24, 1984, another raid on PAGCOR took place. More equipment and machinery were burned. This, Gov. Paredes said, prompted the company to suspend temporarily its operations and expansions in Agusan del Sur.

**W**HEN the companies stopped operations, the farmers were left with no lands to till and no companies to work for. To this day, their dislocation has reduced them to a struggle for sheer survival. A number of students were forced to quit school because there simply was no income. Food was scarce. Others moved out of Agusan, went into gold-panning or hired themselves out as laborers.

**A**LL they want now is to get back their lands. Mrs. de Castro and those who were forced to sell said they are willing to pay. Farmers in Azpetia, in a petition to President Aquino sent last month said *"hiningit nanin ang agad-agad na pag-asul sa aring mga lupa sa programang land reform."*

On March 31, 1986, Gov. Paredes wrote PCGG's Jovito R. Salonga, informing him that "the officials of the province felt it necessary to return the lands to the rightful and qualified farmer-owners." Paredes also said he hopes that PCGG will take "effective action and bring early justice to the people affected by Mr. Cojuangco's operations."

Paredes said he received no reply from Salonga. Nor did Salonga refer the matter to the PCGG Task Force in-charge of the Cojuangco firms in Agusan Sur. Assigned to the Cojuangco properties in Agusan then was the Task Force headed by Dionisio de la Serna who told *Veritas* that they had served the writ of sequestration on the Cojuangco management, and that Salonga did not forward the Paredes letter to their team. De la Serna said that if he had, "We would have favorably indorsed it, considering that that vast tract of property

is idle and could provide for the needs of the farmers. We definitely would have indorsed it although the legal impediments would have to be removed since the lands are now titled under Cojuangco."

On August 31, the *Kahugpong ng mga Mag-aaruga sa Agusan del Sur* (KAMAS), a farmers' group, in a resolution furnished President Aquino demanded the return of the lands to the tillers and owners. The association also asked that the government assist the farmers as they return to their original source of livelihood, and "prevent any plan to reopen the PAGCOR project."

On Sept. 1, 1986, the Agusan Sur Sangguniang Panlungsod unanimously passed Resolution No. 35 requesting recently-custodied Natural Resources Minister Ernesto Maceda to "initiate the cancellation of the special patents issued to corporations owned and controlled by Mr. Eduardo Cojuangco and to distribute said sequestered lands to the former owners and other landless farmers of Agusan del Sur."

Delayed government action on the Paredes letter of March 31 and the reported resumption of PAGCOR operations in January have rendered thousands of farmers in Agusan Sur restless. Already, a number have begun tilling the idle lands and planting rice and corn. Former landowners have started returning to their lands. In the meantime, the dispossessed farmers' anxieties have been aggravated by a number of disturbing rumors. One, that the government will not act on their plea and has in fact allowed somebody close to the President to assume the PAGCOR properties and resume operations in January; second, that the government will take over the resumption of operations; third, that some of those who are now tilling the lands in Libertad were "sent by a Cojuangco," (in a visit to Libertad, however, farmers tilling the companies land told *Veritas* they were not sent by anyone but went there on their own "para lang manginabuhin."); and fourth, that President Aquino has not acted on the matter because "ig-agaw man gud niya sa Cojuangco." (Cojuangco is her cousin).

**A**LL they want is to get their lands back. Those who went back to tilling the lands they were forced to sell or were taken from them, said they had waited long enough for government to act. They have threatened to "take over" if the new government fails to act on their plight; in this they have



their Governor's support. Said Paredes: "I will even encourage them (to take over) because there is legal basis for them to do so. When your property is taken away from you by force, then you can use reasonable force to take it back." Paredes said Cojuangco "landgrabbed and I am against the policy of land reform in reverse."

The Aquino government's social program provides that the "efficient utilization and equitable sharing of the ownership of and benefits from land should be an immediate concern. A viable system of land reform suited to the particular exigencies of an area and the needs of the small farmers, landless workers, and communities of tribal Filipinos will be initiated."

A provincial official told *Veritas* presidential counsel Eduardo M. Cojuangco, Jr.'s PAGCOR project in Agusan Sur "could ideally serve as the test-case of the sincerity of the Aquino administration's pursuit of genuine land reform."

To this day, the displaced farmers still ask the question they asked of Marcos then: "What will be our means of survival if we lose our lands, when lands are part of our lives; are our lives?"

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# PISO DEVELOPMENT BANK HIT BY WITHDRAWALS

Quezon City ANG PARAYAGANG MALAYA in English 23 Jan 87 p 18

[Text] Piso Development Bank is facing liquidity problems because borrowers of its foreign denominated loans have defaulted, sources told Malaya yesterday.

As a result, Piso Bank officials yesterday admitted, deposit withdrawals are now "higher than normal." The bank is also negotiating for a tie-up with a commercial bank so it could normalize the disrupted clearing of checks.

As soon as the bank's clearing arrangement can be concluded with the commercial bank, it will be able to service clients and depositors on a normal basis, officials said.

Other sources said the poor economic situation in the last two years is to be blamed for Piso's present liquidity problems.

It has some \$25 million foreign-denominated borrowing - considered a huge amount for a small development bank - which it loaned at the then prevailing rate of P7 to the dollar.

The borrowers defaulted as the

peso devalued to P20 to the dollar.

Sources said Piso's lenders, such as the Asian Development Bank and Eximbank want payment on these dollar-denominated loans as scheduled, so Piso inevitably has to default and in the process become illiquid, sources claimed.

Monetary board resolution 131 required thrift banks to secure commercial bank tie-up for their clearing arrangement.

A bank statement said that as soon as the tie-up is accomplished, "Piso expects to pursue normal operations."

Bank officials said that since Monday last week, Piso has not been clearing inward checks (checks drawn against the bank) and outward checks (deposited to the bank).

These checks were returned to the clients with the marking "no clearing arrangement," a situation that triggered the "higher or abnormal" deposit withdrawal, bank officials said.

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CSO: 4200/344

COLUMN ALLFGES TAKEOVER ATTEMPT AGAINST TOBACCO FIRM

Quezon City ANG PAHAYAGANG MALAYA in English 24 Jan 87 p 9

[Column by Jake Macasaet: "Persecution of Lucio Tan"]

[Text] It is becoming more and more evident that some powerful people are interested in getting Lucio Tan's Fortune Tobacco Corporation, said to be one of the most modern cigaret manufacturing firms in the whole of Southeast Asia. The attempt to grab Lucio Tan's most profitable operation appears to be aided by the Presidential Commission on Good Government which has already sequestered the company and effectively reduced its capacity utilization. The firm was at one time employing more than 7,000 people in the barrio of Parang, Marikina, Rizal.

Carlito Encarnacion, the PCGG fiscal agent, reported to the press the other day that Fortune imported tobacco at an average of seven to eight million tons every year during the time of Marcos. In fact, Encarnacion said, FTC's imports hit more than 15 million kilos in 1979. According to the PCGG fiscal agent, all these importations were illegal because cigaret manufacturers' tobacco imports were limited to not more than six million tons a year.

Encarnacion, however, mindlessly admitted that former President Marcos removed the six-million-ton annual limit - not only for Fortune Tobacco but for the entire cigaret manufacturing industry, "when the exigency of the industry demands it." In other words, the tobacco

importations of more than six million a year by Fortune were legal. The same privilege was available to other cigaret manufacturers, but Encarnacion failed to report on the importations of Fortune's competitors.

He also said that Marcos gave tobacco manufacturers unnecessary favors to the prejudice of the local tobacco growers through several decrees, including one that removed the six-million-ton a year import limit. It never occurred to Encarnacion, or he probably never even tried to find out, that an estimated 400,000 to 500,000 tobacco farmers in the Philippines depend on Fortune as the most reliable market for their products. This alone leaves lame the charge of Encarnacion that local leaf growers were placed in jeopardy by Marcos through Tan.

Neither did Encarnacion mention in his report that Fortune Tobacco provided direct loans to the planters starting October (start of planting season) every year until the company was sequestered by the PCGG about the middle of last year. Encarnacion should have required Lucio Tan to explain the interest rates charged on the loans secured only by future production and the price at which Fortune bought the tobacco from those who were provided the loans.

Were the interest rates excessive? Did Fortune abuse the

farmers by buying their produce at prices that left them with no profits? Unfortunately for Encarnacion and the PCGG, the tobacco farmers of the North and even in Mindanao have not said one bad word about Fortune Tobacco as far as these two points are concerned. Farmers these days would march to any government office, including Malacanang to denounce what they believe are oppressive acts but not one such march has been organized so far against Fortune Tobacco.

Considering the greed with which Marcos ran the Philippine government for 20 years, it might indeed be possible that large sums of money were demanded by him and his officials from Fortune and a host of other companies. In the business world, that is called survival. Others call it cronyism. And while the entire cigaret manufacturing industry benefited from the decrees the PCGG claims were obtained by Lucio Tan, only the operations of Fortune Tobacco is being looked into with what appears to be nasty motives.

According to Encarnacion, Fortune spent an estimated P50 million for Marcos and his associates. (I wonder how he can prove that, but it is an open secret that nobody ever made a deal

with Marcos without paying for it.) Encarnacion said that the company continues to pay the same amount, but he sounded almost sore that the money now goes to the Bureau of Internal Revenue. In other words, Encarnacion or the PCGG does not seem to be proud of the fact that the Aquino government, unlike its predecessor, is not milking Lucio Tan.

There is also very little appreciation for the fact that Lucio Tan plowed back the profits of his cigaret operation to modernize its technology. And this is probably the reason why the company, according to the PCGG, now controls about 60 per cent of the cigaret market. Based on the decrees that PCGG claims were issued to favor tobacco manufacturers, everybody had the same opportunity. Fortune Tobacco is now being faulted for performing better in the market under the same rules.

We might as well be told which competitor is interested in taking over Fortune Tobacco. Hostile takeovers are not that unpopular in this government. Look what they did to Enrique Razon's port service contract. The Philippine Port Authority terminated the agreement in less than 36 hours and Razon was never given time to explain.

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CSO: 4200/344



## MALAYA BUSINESS COLUMNIST DEFENDS IMPORT LIBERALIZATION

Quezon City ANG PARIYAGANG MALAYA in English 25 Jan 87 p 9

[Column by Jake Macasae: "Import Liberalization"]

[Text]

Import liberalization cannot hurt local industries that much, considering the relatively higher tariff rates. What bothers local business is the inability of the Bureau of Customs to curb technical and other forms of smuggling of products whose importations have been eased. If the importers of these goods were to pay the correct duties and other taxes, they may never be able to compete with local products. Import liberalization, it must be stated clearly, means removal of quantitative restrictions and not reduction of tariff rates. On the contrary, duties on some products were raised when volume restrictions were removed.

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A clear example of how import liberalization fails to hurt local industries is that of flour. The Philippine Federation of Bakers Associations Inc., said to be composed of 10,000 bakery owners, is appealing to President Aquino on the question of tariff and sales taxes which it claims have reached 70 per cent for imported flour. In a paid ad, the PFBAI told the President that tariff was raised from 20 to 30 per cent and finally to 50 per cent in November last year. The sales tax was also increased by 100 per cent to 20 per cent.

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The increases in sales taxes and tariff rates are clear indications that while the government is prepared to accept the IMF-World Bank demand for import liberalization, it is also aware that local industries will have to be protected. If the new taxes are properly collected, the importers of flour will never be able to paralyze the eight local flour mills which are operating only at about 50 per cent of capacity.

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Tariff protection, however, must not be used to abuse the market in the form of excessive prices through the creation of cartels. One comment that has been made of the flour milling industry is that it continues to make profits operating at about 50 per cent of capacity and that prices of the eight mills are fairly uniform. Situations like these create the impression that there is a cartel among the eight mills.

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It is a fact, however, that the flour milling industry in this country has been largely responsible for the development of the food processing and poultry industries. The by-products of flour milling made easier and profitable the expansion into food processing of such mills as Liberty Flour, Republic Flour Mills and Universal Robina, to mention only three.

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The Garments and Textile Export Board has revoked the license of a garments manufacturer owned by a Chinese woman. The GTEB discovered that the letter of credit supposed to have been opened by an importer through a correspondent bank is spurious. Clearly, the Chinese woman attempted to make ghost shipments. Which means she imported fabrics on consignment that she might have sold in the local market.

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A popular person in the textile and garments business had to withdraw his investments from a garments firm, whose license was also revoked. The firm happened to be substantially owned and managed by his son but was found red-handed by the GTEB making paper exports.

It is bad enough that the Ministry of Trade and Industry includes the value of imported fabrics in recording dollar earnings from garments. Paper shipments are worse.

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The GTEB may cancel nearly all the licenses of questionable firms. The owners of discredited firms, however, can always come up with new companies owned by dummies. The smart operators will stay in business and flood the country with smuggled fabrics. In the garments export industry, the more reliable ones are said to be those owned or operated by Jews and Indians, and some Chinese. Many of the smaller Filipino companies are hopelessly notorious.

/13104

CSO: 4200/344

## BANANA EXPORTS POST 13 PERCENT GAINS IN 1986

Quezon City ANG PAHAYAGANG MALAYA in English 26 Jan 87 p 10

[Text] One bright spot in the country's export trade picture continues to be the banana industry which posted gains anew in the year just passed.

While some agro-based export commodities registered losses last year due to a number of unfavorable market conditions, banana export earnings of \$96 million (P1.9 billion) in 1986 was higher by 13 per cent, than the \$84.4 million (P1.6 billion) in 1985.

Latest Bureau of Plant Industry (BPI) figures showed that export volume grew from 718 million kilos in 1985 to 772.3 million, up by 7.05 per cent.

The favorable price of Philippine bananas in the foreign markets has goaded producers to increase their shipment to cash in on the good market trend.

The increased banana shipment was made possible on the rise in production brought about mainly by the good weather condition and reduced cost of fertilizers that enabled the banana planters to apply sufficient amount of input to get the maximum results from the plants.

These are the reasons why the Philippine banana has maintained its position as one of the country's top foreign exchange earners among the agro-based export commodities.

The bulk of the last year's shipment was absorbed by Japan, accounting for 85 per cent, and

the remaining portion was shared by the United States, Canada and Hong Kong.

The Philippine government has started tapping alternative outlets such as Australia and New Zealand.

Industry leaders say New Zealand buyers buy from local growers because of the proximity of the archipelago to New Zealand.

Local businessmen say that diversification of markets is beneficial to the exporters because they can bargain for a better price, rather than remain captive to the Japanese market where contracts are said to be on a monthly basis instead of medium or long term.

Among the top banana exporters of the country, is Stanfilco, a division of Dole Philippines, Inc. which shipped about 14 million boxes of giant Cavendish bananas last year. The firm has a banana plantation in General Santos City covering 1,035 hectares and another in Davao with an area totaling 3,919 hectares.

Stanfilco purchases the fruit it exports from local Filipino banana growers, including Checkered Farms, Inc., Diamond Farms Inc.

The Philippine Packing Corp., the distributors of Del Monte products, is another major banana exporters.

Industry leaders are hoping that 1987 would be a much better year for banana exporters. (PNA)

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CSO: 4200/344

## NFGROS LABOR LEADER HITS SUGAR WORKERS PROGRAM CRITICS

Quezon City ANG PAHAYAGANG MALAYA in English 26 Jan 87 p 13

[Article by Edgar Cadagat]

[Text] **BACOLOD CITY** - An official of a militant labor union lashed out last week at what he called "powerful forces which had been opposing the program to alleviate the sugar workers' lives through land sharing, land transfer and other diversification schemes.

The province's monocrop economy has not changed through the years to the detriment of the workers who continue to wallow in abject hunger and poverty, Sergio Charrigala of the National Federation of Sugar Workers-Food and General Trades said.

Charrigala said the country's wealth continues to be concentrated in the hands of a few who seldom resist social change. This is especially true in Negros, he said.

Ownership of the means of production, wealth and political power remain in the hands of the same people," he said.

In spite of all this, the trade union leader said they unequivocally support the movement for lasting peace in the country and in the island. He added, however, that genuine peace can only be attained through basic reforms in the economic and political field.

Charrigala berated the repressive acts against the workers which included kidnapping, arrest, and torture. He mentioned urged all of them to continue their struggle for a just, free and democratic society.

NFSW-FGT is the biggest union in Negros Occidental with a total membership of some 80,000 workers.

In another development, Charrigala said, supervision will be taught the refinement of modern agriculture came construction of a farm training center in an eight-hectare lot in Paglisan Village at the outskirts of the city is completed.

Charrigala told that the establishment of the agricultural training center is sponsored by several trade unions in Japan. Among them are Chokkai Union, Rensyu Dock Workers, member federations and professional branches. The religious sector, both Christian and Buddhist, also helped.

The trade unions mentioned are all affiliated with SONYO, a big umbrella organization of labor unions in Japan.

The Filipino Association of Japan also gave much-needed materials, Charrigala added.

"The training center is the most appropriate gift of the Japanese people to the workers and people of Negros. The help they extended was secured through the Japanese Committee for Negros Campaign, a solidarity group working particularly for Negros workers," he said.

The training center, slated for construction this week, is expected to be completed within a few months.

Course on natural farming, ecological agriculture and cooperativism, will be given at the training center, he said.

The course will equip workers with the needed skills in the use of appropriate technology and herbal pesticides.

Charrigala emphasized that the training center course will focus on the maintenance of ecological balance, restoration of the lands productivity of the soil, health and nutrition and



planning for livelihood programs as well as alternative economic activities will also be included.

Christians said the setting up of the training center at a place where workers are not being exploited is important through the union's training program, add to be a platform to land reform and the establishment of cooperatives.

A hotel, an amphitheater and an auditorium will also be constructed to serve the workers' other needs.

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CSO: 4200/344

## BRIEFS

**INCENTIVES SWEETENERS**--The Board of Investments is preparing a package of special investment incentives which seeks to be at par if not better than those in the ASEAN countries. To be included as sweeteners to the incentives are: Guarantee on repatriation of investments at anytime. Tax allowance of up to 40 per cent of actual investments. Tax credit for incremental labor expenses. Tax and duty exemption from capital equipment imports. Net operating loss carryover. Tax exemptions on cash dividends. Compulsory arbitration of labor disputes. These incentives will be granted to all new investments in areas determined as desirable by the BOI. The Board is still reviewing the incentives package offered to foreign investors by Malaysia and Thailand which have formulated new schemes to attract a larger share of overseas capital inflows. It is expected that the review will be completed by the end of this month. [Text][Quezon City VERITAS in English 18-24 Dec 86 p 25]/12828

**P6 BILLION GAIN**--The government's privatization program is expected to generate at least P6 billion in additional revenues in 1987, according to assistant budget minister Benjamin E. Diokno. The bulk of new revenues will come from taxes paid by the firms when their tax exemption privileges are lifted; the amount is estimated to reach P5 billion. Sales from government-owned or controlled corporations can generate as much as P1 billion in income, according to Diokno. Diokno said that the privatization program would improve the impact in distribution of government expenditures. "Resources going to (government-owned or controlled) corporations are resources that could have been allocated to agriculture, health services, education, and land reform," he added. [Text][Quezon City VERITAS in English 18-24 Dec 86 p 25]/12828

CSO: 4200/338

## EX-MINISTER THANAT SCORES U.S. POLICY

Bangkok THE NATION in English 30 Jan 87 p 5

[Text] Sir,

I could not believe my ears when I heard, the other day, an American radio statement expressing "regret" over the Thai Government's decision to close the Khao-I-Dang refugee camp, which, they say, would aggravate the situation.

The people who made the statement, I mused, must be out of their minds and did not seem to have any sense of ridicule. What concern is theirs? In fact, the Thai authorities have, long ago, forewarned that if third countries do not take refugees for resettlement, the camp would be closed. The response has been disappointing as most "humanitarian" countries prefer to leave the burden to be borne by the Thai. Those who took a few, like Australia, France and particularly the US, did so after strict screening and allowed only the able-bodied to emigrate leaving the sick, the crippled, the old and the young for the Thai people to care and to cure. The US claimed that it took out some 14,000 refugees, but what is this number compared with the half million who streamed into our land?

In this connection, I should like to point out that the refugee problem is the sequel of the Vietnam War which, as we know only too well, ended up in a fiasco. It is also the result of the long period of European colonialism. All these nations have not done nearly enough to discharge the responsibility which has been and should be theirs. Instead, they prefer to pose as great moralists sermonizing this country to go broke so that others may quietly enjoy peace and prosperity. This has been the favourite practice in the past, but now, with the advent of the Iran arms scandal, Iranacam, or Irangate for the Europeans, this pious moralist role and the affected concern for the suffering refugees become ludicrous for their mask of hypocrisy. With their credibility eroded, it would seem much wiser to confine themselves to their murky investigations.

As we are all aware, Thailand's ability to do more than its fair share for the unfortunate refugees has been greatly reduced by the bloodthirsty US lawmakers who adopted predatory and unethical measures against Thailand for the selfish purpose of pleasing their electorate so that they may be re-elected again and again. While such a hostile

treatment, "vampirical" one may say, is being accorded our nation they should at least have the decency of refraining from giving a moral lesson, unless they want to gain, at our expense, some lost moral prestige and credibility after acting exactly the opposite of what they have told others not to do. The secret sales of military weapons at huge profit which in turn has been used for other illicit purposes while admonishing others not to negotiate with terrorists, will remain shocking revelations for a long time to come. Will Mr Whitehead, the No. 2 in the State Department also qualify this as "reprehensible" as he did in the case of our vote in the Security Council on the US Libyan raid?

I have been patient for some time, hoping these confused people would recover their senses and their principles. But it was asking too much.

Thailand is an independent, law and Buddhist morality abiding country. Our leaders have been fooled into accepting an ungrateful burden with dire consequences for our economy and the entire society receiving insults as a reward. Enough is enough. Now it is time to take courage into both hands by closing the deleterious refugee camp after forewarning of the decision for a long while with no response from abroad. Finally, it is done and it is hoped that the decision will not be reversed, whatever the threat, pressure and blackmail.

Yours faithfully,  
Thanat Khoman

## CZECH OFFICIAL DISCUSSES SETTING UP OF TRADE PANEL

Bangkok THE NATION in English 30 Jan 87 p 19

[Article by Sinfah Tunsarawuth]

[Text]

COMMERCE MINISTER Montree Pongpanit is scheduled to visit Czechoslovakia in March to sign a protocol to establish a Thai-Czechoslovak joint committee on trade cooperation, whose main task is to seek ways to boost economic ties, a Czech diplomat said yesterday.

Michal Sorokac, charge d'affaires of the Czechoslovak Embassy, said in an interview with *The Nation* that Czechoslovak Minister of Foreign Trade Bohumil Urban will co-sign the protocol which will be a supplement to the 1978 trade agreement of the two countries.

The signing will be followed by the first meeting of the joint committee which will be held in Bangkok at the second half of this year, Sorokac said. An annual meeting will be held once a year hosted alternately by each country.

"The joint committee will be a tool for the two countries to expand their economic relations," he said.

The joint committee meeting will be chaired by a director general of the Czechoslovakia's Foreign Trade Ministry and a director general of the Department of Foreign Trade of the Thai Commerce Ministry, now held by Mrs Oranut Osatananda.

The Czechoslovakia visit by Montree is part of a move by the Thai Government to seek more market access in the Eastern European countries which have also shown keen interest in doing business with Thailand.

Montree, in his first trip abroad since he replaced Surat Osathanugrah as the commerce minister in early November

1986, will stay in Czechoslovakia March 2-5 and will then proceed to Poland and Hungary.

The trip precedes another one of Foreign Minister Siddhi Savetsila who will visit the Soviet Union, Poland, Czechoslovakia and East Germany. Apart from political relations, Siddhi's visit will also explore ways to increase trade and economic cooperation with the four Eastern Bloc countries.

Siddhi is the leader of the Social Action Party to which Montree is a deputy leader.

Montree will be accompanied by a number of businessmen who will meet with members of foreign trade corporations, the state trading organs of the Czechoslovak Government.

Sorokac said the Thai delegation will also meet with Jaroslav Jakubec, chairman of the Czechoslovak chamber of commerce, and will tour a rubber plant whose raw material was imported from Thailand.

He said Czechoslovakia will discuss during Montree's visit how to directly import mineral ores from Thailand.

He said official Czechoslovakia's import figure from Thailand has been small since a lot of Thai mineral ores were imported through the Netherlands' port city of Rotterdam.

He estimated last year's Czechoslovakia's import from Thailand amounted to only US\$3 million while export to Thailand was four times higher. However, he said his country bought about \$8 million of Thai tin and wolfram from Rotterdam.

Czechoslovakia mainly imports rubber, rice and small amount of textile from Thailand while its major exports are chemical products and machine tools.

He said his country wants to export more heavy machinery and truck and is ready to help build cement factories and sugar mills in Thailand.

Czechoslovakia's ambassador to Thailand resides in Rangoon and Sorokac is the highest Czech diplomat here.

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CSO: 4200/335



## EDITORIAL BACKS PRC VETO ON SIHANOUK-PRK MEETING

Bangkok THE NATION in English 4 Feb 87 p 4

[Text] **I**T IS QUITE understandable that China — the Khmer Rouge will follow the Chinese line — has rejected the idea of President Norodom Sihanouk of the Coalition Government of Democratic Kampuchea (CGDK) meeting Heng Samrin, leader of the Phnom Penh regime put in place by Vietnam, in Bucharest, Romania.

The idea had been put forward to Sihanouk by Romanian President Nicolae Ceausescu, who had obviously been requested to do so by Hanoi or Moscow.

Some years ago, Vietnam proposed that there should be a dialogue about Kampuchea between the three Indochinese countries — meaning the governments in Hanoi, Vientiane and Phnom Penh — and the members of ASEAN. However, ASEAN leaders turned it down seeing it as a ploy to get *de facto* recognition for Heng Samrin. The same logic is applicable to the Romanian proposal because the CGDK is recognized by the United

Nations as the legitimate government of Kampuchea and not the one in Phnom Penh.

Further China is right in objecting to any such meeting since, except for Vietnam's propaganda purposes, the meeting will serve no cause. What can Heng Samrin say to Sihanouk that would lead to the resolution of the Kampuchean conflict? The root

cause of the Kampuchean problem is the occupation of the country by Vietnamese troops and Heng Samrin is in no way qualified to discuss the withdrawal of those forces. He can only tell Sihanouk what the Vietnamese leaders ask him to.

Sihanouk, however, seems disappointed although he understands that ultimately the solution to the Kampuchean question will come only through better relations between Soviet Union and China on the one hand and between Vietnam and China on the other. Further, Sihanouk himself says that his own forces are gathering strength militarily and that should be the same for the guerrilla forces of the other two partners in the coalition.

In addition, the last Vietnamese Communist Party Congress held in December clearly exposed the fact that Vietnam was "bleeding white"

economically. There was a lot of self-criticism about how Soviet economic aid had been wasted and, although there were changes in the Politburo, the power struggle does not seem to be over. Vietnam's economic debacle naturally has rubbed off on Kampuchea so much so the Heng Samrin soldiers are now being exhorted to grow their own food, meaning perhaps that they should live off the land.

SUPREME COMMANDER COMMENTS ON FORCE MODERNIZATION

Bangkok THE NATION in English 25 Jan 87 p 1

[Text] SUPREME Commander Adm Supa Gajasei, in an exclusive interview with *The Nation* on the eve of Armed Forces Day today, said that in the face of acute budgetary constraints, the armed forces will delay low-priority expansion projects and do some belt tightening to meet the defence needs of the country.

Adm Supa said that the spendings must be utilized more effectively and geared toward raising the efficiency and increasing the combat readiness of the armed forces, rather than for the addition of new units.

"Our policy must be to modernize the existing defence forces by delaying the establishment of new low-priority units under the present circumstances," he said.

In addition, he said, the armed forces already have a policy of improving the reserve force and through modernization the reservists could become a reliable force when the country needs them.

As for the regular forces, the supreme commander said that the personnel should be reduced

to make room for modernization while retaining the option to fill the slots to capacity if the necessity arises.

The major obstacle to the strengthening of the defence forces is the acute shortage of budget. "The budget earmarked for us annually is much below our needs," he said.

Adm Supa also outlined the following guidelines to cope with the budgetary constraints:

- Top priority should be placed on modernization of the existing defence units at the expense of expansion.

- Dropping or delaying the plans to set up new units which would incur high costs.

- Supporting projects enabling the country to produce weapons and military equipment on its own.

- Refraining from extravagant spendings on the construction of new buildings. The spendings on such projects must be minimized.

Adm Supa said that the armed forces must also try to make full use of "intangible factors", namely, the troop morale, training and leadership, to

compensate for the loss caused by the financial constraints.

The supreme commander said that beefing up the defence forces and economic and social developments must go hand in hand because in reality, the strength on one front will support the other, and vice versa.

## CHAWALIT COMMENTS ON POLITICAL ROLE FOR ARMY

Bangkok BANGKOK POST in English 25 Jan 87 p 1

[Text] ARMY Commander-in-Chief Chavalit Yongchaiyudh said yesterday that "soldiers are involved in politics" and that he would "do something, with public approval, if the country deteriorates to a certain level".

In a question-and-answer session after he opened a seminar on a new master's degree programme in military science at Chulachomklao Military Academy yesterday, Gen Chavalit said that although soldiers are involved in politics, when they get involved and how was another matter altogether.

The army chief repeated his earlier statement that he would never stage a coup d'etat, but if he had to do "something", he would seek prior approval from the public.

"If the situation reaches a certain level, the military will get involved, but I can assure you that it will not be in the form of a coup d'etat," said Gen Chavalit.

Asked why the Government was still unable to end poverty and whether the military had a solution to this problem, Gen Chavalit

said that it was a major problem and as a solution the Government was trying to distribute wealth among the people.

Gen Chavalit admitted that only a few hundred thousand people were "financially well off" and that there had been discussions among soldiers on how to distribute income and institute land reforms to enable people to make a living in their own land.

"We soldiers have to

stop talking at a certain point, otherwise it will add more to the confusion," he said.

Gen Chavalit reaffirmed that he would cooperate with the Government to find a practical solution to the problem.

The army chief said Prime Minister Prem Tinsulanonda has had to make some difficult decisions, especially on the economy, because there is such a wide difference of opinion among the members of his coalition government.

CHOOSE

Gen Chavalit said the Prime Minister must choose either to pursue slow but steady economic growth for the country or to dump money into certain projects to bring immediate results.

As an example, he said, it was possible for the Government to raise the price of paddy to 3,000 baht a kwien if it bought enough paddy from farmers, but what would happen next would be unknown.

"I believe that the Government has chosen the best path by slowly but firmly expanding the country's economy, but who knows if the Government will begin buying paddy in April?" he asked.

Asked whether the military was getting too involved in the country's economy by seeking 120 million baht from the Government to buy paddy from farmers, Gen Chavalit replied that soldiers were also farmers' sons and were "in touch with the people" the most. "We know their problems very well..."

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CSO: 4200/334

## ARMY TO REPLACE CONSCRIPTS WITH VOLUNTEER FORCES

Bangkok THE NATION in English 4 Feb 87 pp 1, 2

[Text] **THE Royal Thai Army (RTA) plans to set up new ranger-type volunteer forces to replace the conscription system which can be phased out as part of a sweeping structural change, RTA Commander-in-Chief Gen Chavalit Yongchaiyudh said yesterday.**

In his first-ever comprehensive announcement on the revamp, Gen Chavalit said that the appointment of army personnel would be slowed down from the annual rate of 1,080 to 400-600 positions and some unnecessary army units would be disbanded and lumped into the reserves.

Sustainability is another aspect of the revamp and a highlight in this regard is the plan to conclude a multilateral defence agreement with a group of countries apart from the forthcoming establishment of a joint Thai-US war reserve stockpile to be located here. Without spelling out on the nature of the multilateral pact, Gen Chavalit said that it would stipulate how the friendly countries would come to the rescue of Thailand if and when it faces foreign military aggression.

Speaking on the concept to develop the army at the Chira Convention Hall for lecturers and students of the National Institute of Development Administration (NIDA), the army chief said the basic rationale behind the reorganization was to modernize the army to cope with the external threat from Vietnam and the internal threat from the Communist Party of Thailand (CPT).

The reorganization requires a cut-back on the personnel and the procurement of new weapons, said Gen Chavalit, who added that the revamp was within the budgetary constraints. In his own words, the central issue was money and to overcome the constraint, the RTA would start selling out its land which cannot be made use of and seek financial aid from friendly countries.

He said that grant aid for defence purposes amounted to about 3,000 million baht last year and for the present year he expected the military grant to run into many millions of baht.

The RTA is optimistic that with the aid, it will be able to acquire sophisticated weapons and

defence equipment and become one of the most combat-ready armies, according to Gen Chavalit.

"If you ask me how I can secure so much grant aid, my answer is that it is a matter of techniques which cannot be revealed," he told the audience.

He said that the system of expanding ranger-type forces would help the RTA become a modern force within three to four years.

On what he termed "human revolution," Gen Chavalit said human resource development was a fundamental element leading to a change for the better. To serve the purpose, the army has formulated welfare projects, including the

### ▶▶▶ VOLUNTEER RANGERS

3,000-million-baht construction of housing units for army personnel, life insurance for junior officers on duty on the front line and the construction of schools for soldiers' children.

He said that the six-year housing project to take off this year was necessary to boost the morale of the rank and file because at present, only about 30 per cent of all the troopers have their own housing.

The army is also working out plans to open schools at the elementary and secondary levels for enrolment by armymen's children and others in accordance with late King Rama V's desire, the army chief said.

Gen Chavalit also mentioned a plan assigned to Assistant Army Commander-in-Chief Gen Pichit Kullavanijaya to develop the eastern border areas which cover a vast deserted and uninhabited terrains.

The project calls for the introduction of development projects to be followed by the resettlement of army reservists' families which have been organized, he said.

The army chief said he intended to launch the modernization projects before he retires himself at the age of 55.



He said he made the statement to relieve pressure that could obstruct his efforts to establish a good system in the army hierarchy.

Responding to questions after the speech, Gen Chavalit reiterated his intention to bow out in the next few years.

"This despite senior people's and friends' advices against leaving the army. I still intend to do so because it has become a public commitment but this is a statement made on my personal behalf only," he said.

Commenting on speculations that he would jump into the political arena after his voluntary retirement, Gen Chavalit said the idea had never been in his mind. He said it depended on the people to choose who should be the prime minister but added that the statement should not be construed that he was for the call that the prime minister should be an elected MP.

He also clarified on his statement about a coup. "There are a number of interpretations on my statement but the only correct one is that of former Prime Minister M.R. Kukrit Pramoj, who translated the word into a revolution. Revolution is a systematic change for the better while a coup d'etat is an illegal change of government. And my stand is consistent: I will always protect the legal government if and when anybody tries to topple it," he said.

#### ▶▶▶ DEMOCRATS

"My stand is that we have to go about it step by step and in an appropriate manner," he said.

He said that the party also wants the prime minister to be an elected MP but would not push for the drastic changes at the same time.

Criticizing the approach taken in the former attempt to change the Constitution, the Democrat leader said that a campaign for constitutional amendments should not be mounted in such a way that it was an initiative from a political party. Instead, it should be an initiative jointly taken by all the political parties, both the coalition partners and the Opposition. He added he believed all the political parties wanted the change. Other points that he made include:

- The six-member crisis management committee has been formulated as a set-up to make decisions in critical times because the 45-member executive committee is too clumsy to do so and the 15-member team of administrators is only empowered to run day-to-day affairs. One rationale behind the initiative is to enable such figures as former deputy leader Chalermbhand Srivikorn and former secretary general Veera Musigapong to participate in the party decision-making process.

- Veera has given a "favourable response" to an offer for him to sit on the committee and secretary general Lt Col Sanan Kachornprasart had also held talks with Chalermbhand but Bhichai has yet to be informed of the result.

- Bhichai dismissed reports that he had been advised against taking a trip to the three southernmost provinces due to Muslim leaders' sentiments against the failure to have a Muslim MP appointed to a Cabinet portfolio. He said that instead the Muslim MPs had asked him to visit the provinces and that he planned to tour the South, including the three provinces this month and next month.

- He said that he intends to step down in two years time because his successor should be given about one year to make preparations for the next general election. This in spite of the fact that he can stay until the election to fulfil his term. However, he said the public statement is not a commitment because it would have to depend on the unpredictable situation two years ahead.

## EDITORIAL ON PHILIPPINE PLEBISCITE

Bangkok THE NATION in English 2 Feb 87 p 4

[Text]

**I**N THE MIDST of a national nervous breakdown, 25 million Filipinos vote today in a referendum on a new 100-page verbose constitution that ironically promises them "unity, peace and stability" — for that matter, all constitutions in the world have some built-in irony. Election officials expect a 70 to 80 per cent voter turnout and pollsters have predicted that the constitution will be approved with a comfortable majority.

Past elections in the Philippines have always been unruly, some even marked by violence, but all of them have faced the charges of being fraudulent both in polling and counting. The last, on Feb 17 last year, was the oddest of them all when both Ferdinand Marcos, the incumbent, and Mrs Corason Aquino, the contestant, were both sworn in as presidents, with Marcos fleeing the country after a civilian-backed military coup.

The lead-up to the plebiscite has been exciting and has perhaps had the most destabilizing effect on the Philippines during the 11-month rule of President Aquino. Her vaunted reconciliation with the communists turned to ashes because the communists seem to have taken full advantage of her inexperience. After protracted talks between government negotiators and the National Democratic Front, the political wing of the New People's Army (NPA) or the communist

rebels who have conducted their insurgency for 18 years, agreed to a 60-day ceasefire — Feb 7 is the last day of the truce.

The insurgents have used the period both to consolidate their position without any military pressure on them and have also been able to acquire wider support in the outlying villages. The talks during the truce failed miserably because the communists wanted to share power in the Aquino government and also wanted the drafting of another constitution. When soldiers fired on a farmers march on the presidential palace killing 13 and

injuring about a 100, the communist negotiators called off the talks saying they will observe the truce only until the stipulated date.

While that was expected tactics of the communists, what is even more important is the dissension that seems to have set in the armed forces and military chief, Gen Fidel Ramos, appears to be losing his firm grip. Last Tuesday, 400 rebel soldiers tried to seize four military camps and then about a 100 of them holed up in a television station. When Ramos decided to use force against those holding out at the TV station, it is reported that about a 100 junior officers confronted him and said that they will also defect if he chose to do so.

Unity in the army is extremely essential now since, after the end of the ceasefire, the NPA is likely to act more arrogantly and violently. It was the unity of the army, under Ramos and then Defence Minister Juan Ponce Enrile, which toppled Marcos but now it is split. Not only do some factions in the military

disapprove of the constitution but several observers say that Ramos' authority has been eroded.

Looking at the constitutional referendum in another way, the polls may be called a one-candidate presidential election since the constitution puts presidential powers in the hands of Mrs Aquino for six years and, if the charter is defeated in the plebiscite, she will have to resign. Then what? Nobody knows.

Mrs Aquino has won the hearts of millions of Filipinos and she is banking on this popularity to see the new constitution through. This is quite possible but if the voting is viewed as a verdict on her performance as head of state, her record is woefully lacking in competence. The country is completely destabilized and economically it is a shambles.

During the past 11 months, she has had dictatorial powers but has not used them but has only been learning on the job and not ruling. She concedes that by saying, "I

thought it was possible to reconcile all Filipinos and therefore I extended my hand to all, but it is very clear there are some who don't want reconciliation."

Enrile, who was relieved of his defence portfolio in November, has been conspicuous by his silence. He had pledged that he would campaign nation-wide against the constitution but he had made just a couple of speeches and has shunned all publicity. It is against his character to lie low since it was mainly his search for power that made him desert Marcos' sinking ship.

There are 87,000 polling booths in the various islands of the archipelago and election officials say that it will take about three days before a clear trend emerges and many more before a final count is arrived at. It is during these days that anxiety and rumours will rule. But even if the new constitution is passed with a thumping majority, all of Philippines' problems will remain. Can Mrs Aquino's government solve them?

/12828  
CSO: 4200/335

## ARMY COMMITTEE URGES BETTER TREATMENT FOR MUSLIMS

Bangkok THE NATION in English 19 Jan 87 p 3

[Text] A COMMITTEE set up by the army to study problems in the Muslim-dominated South has called for a better treatment of Thai Muslim people by government officials to settle religious conflicts in the region.

The committee of the Fifth Army Division which has finished its first study on the problems of different religious beliefs in southernmost provinces also asked for an increase in the number of Thai Muslim officials in the South so that "better communication and understanding between the government and Thai Muslim people" can be created.

According to the study by the committee, there have been conflicts among leaders of the Thai Muslims because they are treated with "discrimination" by government officials.

The study says there are two types of leadership in the Islamic society in the region. The first type is "local leaders" who head small communities or Islamic schools. The second type is Thai Muslim officials who also have much authority in the society.

"Thai government officials have shown much discrimination in their treatment of these two groups of Thai Muslim leaders especially when it comes to joint discussions, big ceremonies or even parties," the study notes.

The "local leaders" have been treated badly and their comments or opinions were often ignored, says the study.

The discrimination resulted in the local leaders being discouraged to cooperate with the government to solve the problem of Thai Muslim people, it says.

It also points out that most of the Thai Muslim leaders holding permanent official posts are elderly persons who are "no longer active

and lack creative ideas."

The committee, chaired by Commander of the Fifth Infantry Division Maj Gen Kittu Rattanachaya, suggested that southern government agencies, which "know the problem inside and out," take a more active role in settling the conflicts and be more "open" to Islamic beliefs.

The state agencies have never taken into account Islamic teachings which ban Muslim people from joining any ceremony of other religions, according to the committee's analysis.

Religious activities of Muslim people are also not allowed to blend with those of the outsiders.

The study states that the Thai Muslims in the southern region have had to accept such blending despite their reluctance because they are afraid to be accused of "not cooperating with the government."

The committee, which comprises senior officials of the Fifth Infantry Division and respectable Thai Muslim leaders, also proposed more government support of Islamic education in the South.

Maj Gen Kittu set up the committee last year with an objective to deal with the secessionist movement in the region which has pursued violent means against Thai Buddhists and the government.

In a recent interview with *The Nation*, he said that: "Muslim guerrillas can be overcome by the Thai Muslims themselves. That's the best way to solve the problem."

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CSO: 4200/334



## ROLE OF BAAC IN AGRICULTURAL CREDIT

Bangkok THE NATION in English 19 Jan 87 p 18

[Text]

THE main problem with the government's agricultural credit policy is the lack of a clear objective. The law says the Bank for Agriculture and Agricultural Cooperatives (BAAC) "has the objective of providing financial assistance to support the livelihood or operations of farmers, farmers' groups, or agricultural cooperatives." But so far, the application of farm credit policies has been more in the form of charity than for enabling farmers to develop their own capabilities.

Our research into rural credit has given us the opportunity to look at the role and work practices of the BAAC and the rural credit market in detail. We have become aware that the government might misunderstand these, particularly as regards the objectives of farm credit policies and the establishment of the BAAC, and the bank's methods and achievements.

In the past, the "farm charity" policy has had four main features. The BAAC and commercial banks are required to provide farm credit with interest charged at below cost in the belief that farmers cannot bear the cost. The BAAC is required to lend to cooperatives and farmers' groups at lower interest rates than charged to individual farmers. Some farmers' debts have been written off, as happened in 1954-1958. And sometimes the

government has ordered the BAAC to increase its lending to farmers' groups and cooperatives without considering their ability to repay the debts.

This has caused problems.

First, writing off farmers' debts creates the impression for farmers that government loans need not be repaid and encourages them to sit and wait for assistance without instilling the disciplines a borrower normally needs.

Second, support from government agencies and politicians for farmers' groups and cooperatives hampers their ability to develop into organizations with genuine bargaining power to act on behalf of their members. It turns the organizations into politicians' pawns.

Third, the requirement to charge interest at below cost causes the banks, particularly the commercial banks, to choose to lend only to better-off farmers with collateral. These farmers receive large loans in order to save the banks' administrative costs and in order to reduce the risk of bad debts. Poor farmers without collateral are unable to borrow from the formal sector and turn to non-formal money-lenders who charge interest at 5-10 per cent per month.

Moreover, loans to farmers' groups or cooperatives tend to go to the organizations' administrative officials, their families, or people with political status in the village such as *Kan-nans* or village heads.

These problems show that it is time for the government to reconsider the objectives of agricultural credit.

In particular, the desire to charge low interest stems from a number of

beliefs. Among these: rural economic underdevelopment is caused by lack of financial resources, money-lenders charge exploitative interest rates, and farmers lack the ability to produce. The government believes that these problems have to be solved by providing low-interest credit in order to break the monopoly of money lenders.

But the BAAC incurs costs in obtaining its funds. The bank gets its money from deposits from commercial banks (34.9 per cent of working capital in 1984) for which interest is paid at the rate for 1-year fixed deposits, loans from abroad (17.4 per cent of working capital) with interest at 3 to 10.9 per cent, deposits from the public (17.3 per cent) with interest rates equal to those of commercial banks, and loans from the Bank of Thailand (11.9 per cent) in the form of note rediscounts with interest at 4.5 per cent.

In other words, the government, which sets out the policy for assisting farmers, only contributes 12 per cent of working capital.

The BAAC's dependency on funds from commercial banks, deposits from the public and foreign loans means that its average costs are high when compared with the interest rates the government sets for it to lend to farmers.

For example, in 1984, the average cost of funds for the bank was 10.3 per cent excluding operating costs which would lift this to 16.3 per cent. But the bank lent at 14 per cent.

This was clearly not "commercial credit." The more the bank lent, the greater its loss.

The philosophy of ordering the bank to lend without seeking repayment or at a low rate of interest is an irresponsible philosophy that ignores the interests of the bank's depositors. The BAAC remains solvent at a time when most state enterprises make losses because the bank tries hard to stop leakages and looks for alternative sources of funds to cover its lending losses.

A further major problem arising from the low interest policy is that loans go mainly to high- and middle-income farmers, despite the bank's policy of lending to mutually guaranteeing groups of farmers instead of requiring collateral.

The BAAC is unable to lend more than it does because of the cost and the riskiness of agriculture. Otherwise it would be able to lend to poorer farmers and they would become less dependent on money-lenders.

But, more important, so long as the government regards rural credit to be a separate issue from other agricultural extension policies, the BAAC will not be able to expand its activities. Farm credit is only one of the many factors of production if farmers — and poor farmers in particular — are to be able to repay their debts, then the returns on agricultural investment have to be higher than the interest rate.

If the government wants poor farmers to be able to improve their position, then other agencies have to think up investment projects with good returns for them. That means simultaneously, research, extension and the development of production, together with guarantees against risk. That way the BAAC would also be able to give more assistance to poor farmers.

Two additional characteristics exacerbate the problem. Farming in Thailand is still dependent on the climate. Variations in this worsen the bank's chances of collecting interest and principal on the loans. This is one reason for the high interest rates charged by non-formal lenders.

Second, the small size of farm holdings and their dispersion all over the country mean that debt management requires a large staff and high administrative costs. This has forced the founders and successive managements of the bank to create a highly efficient working system so that the bank can survive where similar institutions in other countries have failed.

The nature of its customers and the riskiness of their business has led to a selection system that requires borrowers to be farmers with a marketable surplus who are diligent and not excessively in debt. The bank has also started controlled lending to low-income farmers with guidance on modern farming methods that will increase productivity and income.

For farmers who do not own their land, the bank has set up a "mutual guarantee" system of borrowers. The formation of these groups saves administrative costs, and allows

bank staff to know their clients better. But most important, since every member of the group guarantees the loans of the other members, the pressure to make payments on time is increased. This is a prominent cause of the bank's 73 per cent repayment rate for this type of customer. The repayment rates for cooperatives and the farmers' groups set up by government agencies are only 48 and 31 per cent respectively.

If a bank's management lacks responsibility towards its depositors and there is no control, then the bank will fail, as has happened in other financial institutions both in the public and private sectors. But the founders and administrators of the BAAC have set up a system of control and punishment that has reduced dishonesty to a minimum.

The bank has an administrative system that makes it one of the few state enterprises surviving without state subsidies. Overtime and other expenses are strictly controlled, pay scales are based on performance, and the average pay, at 6,600 baht per month, is one of the lowest among state enterprises.

Above all, there is a corporate tradition of working for society, and its young staff are generally enthusiastic. They generally work well with the bank's customers and rarely find themselves in danger even when working in "pink" or "red" areas. If the staff defined their "commercial" task exploitatively, then there would certainly be reports of the BAAC officials being victims of violence.

One of the problems the bank has to face is pressure from politicians who want to seek favour from farmers without considering the long term effects on the bank.

This tends to happen where there are price or production problems. Politicians use their power to force

the bank to lend more to organization set up by the government, to delay debt repayments by its customers, or to grant loans in return for pledged rice. The politicians are fully aware that these measures are not the proper way to deal with the problems.

Studies show clearly that the bad debt rate from these political programmes is higher than for normal the BAAC programmes. If the BAAC's management fails to resist these political pressures, then the bank will end up in a condition no different from other state enterprises which depend on financial support from the government.

The bank's success from 1966 to 1984 is clear. Its activities grew from five provinces and 13 units to 67 provinces with 564 district-level credit units. Its customers grew from 1,890 to 1.3 million. But the number of farmers' groups it serves has declined. Credit grew from 246 million baht in 1967 to 16,421 million baht — an average growth rate of 24.7 per cent per year. It maintained a profit, but less than 1 per cent of outstanding debts throughout the last 10 years despite increasing interest costs of funds.

The bank's administration is not without its faults. The need for effective control has led to too much uniformity and centralization. Some farmers with different crop cycles find it difficult to borrow.

But the bank must remain free from political interference and the political appointments found elsewhere. It must be allowed to compete with private financial institutions so that rural savings can be mobilized. And the government must lay plans for the long term development of agriculture.

The BAAC is not a multipurpose institution that can solve all problems. Nor is money the only solution.

The government has to inspect the workings of its agencies, but if the inspections are based on false information the outcome will be detrimental. Those inspections should be open to the inspection of the public as well, and that is the task we have undertaken.

The writers are members of a team studying credit. This is an abridged version of a longer article.

## CENTRAL BANK TO APPROVE FARM CREDIT RULES

Bangkok THE NATION in English 26 Jan 87 p 18

[Text] **THE new regulations on farm credit extension guidelines which will see more flexibility for commercial banks to lend to the agricultural sector and other changes are expected to be approved for enforcement, by the Bank of Thailand Governor in the middle of next month.**

Deputy Governor Chaovalit Thanachanon said over the weekend that most commercial banks have hailed the new regulations because they will no longer have to lend to the farm sector based on fixed ratios and that their operations as far as farm credit extension is concerned, will become more flexible.

Chaovalit said that the new rules, however, are likely to produce long-term negative effects on Bank for Agriculture and Agricultural Cooperatives because commercial banks currently have to deposit their unused funds for farm credits with BAAC, totalling about 8,000 million baht last year.

"It's a matter of concern because the new rules will affect BAAC in the long run but in short term — about 2 or 3 years — the impact is unlikely as BAAC still has accumulated unused funds belonging to commercial banks in a tune of tens of thousand of 10,000 million baht," he said.

He went on to say that the central bank, therefore, has been seeking ways to alleviate the long-term impact on BAAC regarding the less supply of unused funds deposited by commercial banks. At present commercial banks are required to lend 20 per cent of their deposit intakes to the agricultural sector.

The central bank has already sent an informal letter of comfort to BAAC that it will find new sources of funds at low cost for the bank to offset the lower deposits by commercial banks when the new regulations become effective.

The deputy central bank governor said that one of the ways to increase BAAC's funds is to issue 'agricultural' bonds for sale to the public. "Within the context of the law, I think this can be carried out and the bonds which will be issued will be backed by the central bank so that the bonds have the same status like those issued by

state enterprises, for the collateral purpose," he said.

Apart from issuing bonds, he said the central bank will consider to provide more cheap loans to BAAC in case it has difficulties to obtain loans from other sources. "Obtaining loans from some institutions such as the Overseas Economic Cooperation Fund (OECF) will be tough because of more restraints. For the time being, the central bank has provided loans to BAAC totalling 3,500 million baht and the loans carry 3.5 per cent interest per annum."

Regarding the operations of BAAC, he said the bank needs to further improve in the area of repayments collection so as to increase the supply of funds for more borrowings.

Chaovalit said that the central bank considers new changes in the guidelines on farm credit extension as 'practical' and commercial banks will be able to comply with them. "We've not tried to introduce changes which commercial banks will have difficulties to meet with and we think it's not justifiable that such changes not be enforced simply because BAAC which is government-owned will be affected."

He said that the central bank already discussed the new regulations on farm credit extension guidelines with BAAC which was assured of the central bank's assistance for new sources of funds. Asked when the new rules will take effect, he replied that Governor Kamchorn Buthirakul has yet to sign the approval and the earliest date is expected in mid-February. Kamchorn is currently in Nepal to attend a meeting of central bankers.

One of the new rules will allow commercial banks to lend 20 per cent of deposit intakes to the agricultural sector — 14 per cent of which to be given as 'agricultural credits' while the rest extended to the agro-industrial projects.

In addition, the central bank will discard the present rule requiring commercial bank branches to extend credits totalling 60 per cent of deposits to borrowers in their respective provinces.



## MONK ATTEMPTS AT RICE MARKETING REVIEWED

Bangkok BANGKOK POST in English 19 Jan 87 p 1

## [Text]

**Chon Buri** — A controversial monk has forged ahead with his ambitious plan to solve farmers' problems by showing them how to mill and market their rice by themselves.

**Phra Kitti Vuddho**, abbot of Wat Chittaphawan, has put his plan into action by setting up a mill in his temple in Banglamung District and appealing to other influential monks to follow his example.

The mill, which is run completely by monks and novices, is operated in the form of a rice bank where farmers could get their paddy milled into polished rice.

The mill, capable of handling 15 tons of rice a day, will enable farmers to convert a ton of paddy, worth about 2,000 baht, into polished rice that could be sold for 4,000 baht. Paddy milled into *Hom Mali* rice could fetch a price of between 4,800-4,900 baht a ton.

**Phra Kitti Vuddho**, who made headlines when chit fund operator **Nok Kaew** kept some of her oil trucks at his temple, said he had set up the mill to show farmers that they could solve their problems by undertaking to mill and market their produce.

He said this would enable the farmers to get much better prices for

their rice because they could sell the rice at twice the price of paddy.

The abbot stressed that his mill was not a commercial undertaking but aimed only at helping the farmers. Similar mills could be set up at a cost of about 90,000 baht and if 2,000 mills are set up country-wide, the Government would only have to use a budget of 180 million baht, he said.

The initial fund for the mill was provided by

**Chon Buri** Governor **Sueb Rodprasert** and the profit obtained after the paddy is milled, packaged and sold would be returned to the farmers in the form of fertiliser and insecticide, **Phra Kitti Vuddho** said.

Machinery for the mill were bought second-hand, with only the motor coming from Poland. They were then adapted to handle the local paddy. Some of the equipments were designed by a technical college in the eastern region.

The abbot said the investment for paddy, sickle, electricity, labour, depreciation of machinery and maintenance for a ton of 100% *Hom Mali* rice was about 4,193.80 baht, and for 5% ordinary rice, 3,386.80 baht. He said *Hom Mali* rice could be sold at a profit of 726.43 baht and 5% rice 373.80 baht.

He also disclosed that he has called a meeting of all the abbots in the country and had appealed to them to withdraw some 10,000 million baht from the banks to buy paddy from farmers and set up their own mills.

He said if the targeted 2,000 mills could be established in the temples throughout the country then the price of paddy could be brought to at least 3,000 baht per ton.

He said some temples in Angthong, Singburi, Chainat, and Uthai Thani had already set up their own mills.

The abbot said he decided to launch the programme because it was clear that the Government's paddy price improvement scheme was a failure due to lack of officials to enforce the scheme.

"It's time that monks come out and help the farmers other than just practising their Dhamma," **Phra Kitti Vuddho** said.

He said the Thai Millers Association has also sent representatives to offer help for his programme. The representatives said most of their members would be glad to hire their services to mill paddy for farmers.

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CSO: 4200/334

## FOREIGN EXCHANGE FLUCTUATIONS AFFECT DEBT BURDEN

Bangkok BANGKOK POST in English 22 Jan 87 p 13

[Text] **THE fluctuation in the foreign exchange market has severely affected the country's debt burden, a senior official said yesterday.**

A working committee has been set up to solve this problem, Nibhat Phukhanasut, deputy director-general of the Finance Ministry's Fiscal Policy Office, said.

He said that the Government's outstanding debt burden comprises US dollar, 60%; yen, 30%; and the remaining is in pounds, West German mark and Swiss franc.

The baht has appreciated slightly against the US dollar, but generally depreciated against other currencies, in particular the yen.

"If the baht depreciates by one baht against every 100 yen, the country's debt burden will increase by 700 million baht a year," Mr Nibhat said.

An informed source in the Bank of Thailand said that the country's total outstanding foreign debt amounted to US\$10.9 billion.

Mr Nibhat said although most of the loans carry long-term maturity, the repayment burden for this year amounted to US\$1,300 million, of which about

41% will be repaid in terms of dollar, while about 40% will be repaid in the Japanese currency or about 65,000 million yen.

He said that the fluctuation in the foreign exchange markets had caused the Finance Ministry to defer conducting any new refinancing programme.

In managing the debt, the Finance Ministry can either refinance or restructure the loan.

"But at this situation, the working committee viewed that the refinancing programme should be suspended temporarily, and that the Finance Ministry should opt to restructure its foreign debts," Mr Nibhat said.

He said what the Finance Ministry was concerned about were debts incurred by certain big state enterprises.

The Finance Ministry will instruct these state enterprises to reserve parts of their borrowings as repayments of their debts.

"They (state enterprises) have borrowed without planning and without being on alert to the foreign exchange fluctuation for three years. But now we will not allow such borrowings to happen again. We have worked out a five-year plan for the borrowings," Mr Nibhat said.

The mid rate between the baht and the dollar yesterday was quoted by the Exchange Equalisation Fund at 25.90 baht, a depreciation of two satang from Tuesday.

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## MORE RESTRICTIONS SET FOR LENDING BY COMMERCIAL BANKS

Bangkok THE NATION in English 2 Feb 87 p 17

[Text]

**T**HE Bank of Thailand is to be more restrictive in controlling lending by commercial banks so that they can have more quality assets in credit extension. At the same time, the banks will be able to curtail their risk assets ratio.

Well-informed sources said that central bank Governor Kamachorn Sathirakul has instructed the Department of Bank Supervision and Examination to be more restrictive in lending by commercial banks.

"The main emphasis is that the existing assets must be of quality," said the sources. Kamachorn has laid down two guidelines in the tougher stand. The first is for commercial banks to increase their capital to cope with the amounts of problem loans. The second is for them to set proportionate loan-loss reserves in profit allocation.

The sources said the restriction followed problem loans faced by some commercial banks after they had not provided lending with prudence or sound banking practice. As a result, the banks have increasing problem loans.

They said that from now on commercial banks facing mounting problem loans would be instructed to take remedial and prompt actions. "The central bank will not permit the problems to pile up until they become a major threat to the stability of banks," said the sources.

Banks with problem loans include the Siam City Bank which is under a rescue measure worked out by the central bank. Other banks which show improving position include First Bangkok City Bank.

Not only that the quality assets will strengthen the position of commercial banks, they would enable banks to broaden their risk asset ratio. "They will have more room to manoeuvre as far as lending is concerned. At the same time, banks can work out the categories of quality loans," they said.

If banks can set aside loan-loss reserves from their profits there will be less pressure for them to increase the capital to match the level of problem loans, they said.

The sources said the central bank also finds the need to increase the efficiency of the Department of Bank Supervision and Examination. The measures include the support in intelligence network which will enable the bank to closely monitor the position of banks and take immediate actions when problems are detected.

The department can then examine problem assets of financial institutions and other businesses which are subsidiary operations of commercial banks.

The sources said that the central bank can separate the examination work from the headquarters of commercial banks and their branches to clearly identify their problems. This method will also help prevent banks from going all-out to solve the problems while they have certain constraints.

Lending by commercial banks last year showed that there were more risk assets than the level of capital fund. A senior banker admitted that this was true if one looks at the overall banking system. "Some banks have higher risk assets than the level fixed at eight per cent of the capital fund," he added.

The Thai Bankers' Association wants the central bank to defer the official requirement for banks to set higher loan-loss reserves because the public could be misled to believe that banks face serious problems.

"The association wants to spend a few years in educating the public to know that higher reserves do not mean that banks are in difficulties," said the sources.

But if banks cannot set aside more profit for loan-loss reserves, shareholders will have the burden in capital increase. Banks can, however, offer shares to the public in case existing shareholders cannot subscribe to new stocks.

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CSO: 4200/334

## HANOI ASSESSES BORDER, REGIONAL SITUATION

BK131448 Hanoi Domestic Service in Vietnamese: 1400 GMT 12 Feb 87

[Feature by Vu Dinh Vinh: "Heighten Vigilance for National Defense"]

[Excerpt] Dear comrades and friends: During February, the situation along the border areas and in the region, as well as the hostile activities of imperialists and reactionaries, still compel our troops and people to remain highly vigilant. As it is still the dry season, the enemies have not relinquished their dark plots. The experiences derived from the fighting against the aggressors along the northern border are still, practically significant in helping our armed forces units and our people better fulfill their duties on the country's defense frontline.

The dry season is also in full swing along our friendly Cambodian border where the volunteer Vietnamese Army units have coordinated with the Cambodian troops and people to stand firmly on their positions, develop their initiative, and continually pursue and mop up the Pol Pot remnants and Khmer reactionaries to firmly defend the western border of our friend's country and maintain public security and order within the country. However, the Cambodian-Thai border situation still remains complicated because of the acts of sabotage and intervention by the imperialist and reactionary forces in coordination with the Thai ultrarightist ruling circles. According to SPK reports, during January 1987, the Thai artillery fired 1,000-5,000 shells onto the various heights along the border. Thai aircraft of various types have several times violated Cambodian airspace over the areas of Cambodian-Lao-Thai frontier, Anlung Veng of Siem Reap-Oddor Meachey, and Poipet, Phnum Malai, and Yeang Dangkum of Battambang Province. These areas are critical along the border with Thailand.

Also during this period of time, the Khmer reactionaries from Thailand penetrated into Cambodian territory for sabotage action several times. With a sense of vigilance, the Cambodian border defense forces in coordination with the volunteer Vietnamese forces have effectively intercepted the enemy incursions. During January 1987, they put out of action 823 enemy soldiers and seized many weapons and military outfits.

While conducting military activities, the enemies also hurled brazen slanders. However, the general public in the region, as well as the world over, has



clearly realized who causes the tense situation here, who always desires peace and stability in the region, and who are the opponents.

Dear comrades and friends: Located in Asia and the Pacific region, Vietnam and the fraternal Laos and Cambodia are very concerned with making contributions to the common struggle for peace, cooperation, and friendship among the regional countries and have constantly remained vigilant against hostile forces. Though bearing the name of peace, the region now has no peace because U.S. imperialists have built up their military potential in the Pacific. Besides seeking ways to gain military and strategic superiority over the socialist countries in the region, the U.S. imperialists hope to create conditions for implementing their new global policy.

The United States now has 560 military bases and supporting bases in this region, involving 130,000 soldiers and officers. It has established nearly 4,500 nuclear heads as well. The United States can be said to have its most modern war facilities in the region such as the "New Jersey" warship equipped with 600 Cruise missiles, various submarines bearing transcontinental rockets, the most modern nuclear-powered aircraft carrier, and so forth.

In the military field, what is of primary concern to the United States is the nuclear encirclement of the Soviet Union and other socialist countries. The nuclear arms race and warlike militarist policy of the United States have seriously threatened peace and security in the region, as well as the world over, and have encountered the great and widespread struggle movement of the peoples of regional countries. Noteworthy is that leaders of 13 countries in the southern Pacific have decided to proclaim the southern Pacific a nuclear-free zone and have signed a treaty on this matter. However, the Reagan administration which poses the greatest nuclear threat to the region, has refused to sign the protocol of the treaty to establish the nuclear-free zone in the southern Pacific. This refusal is another piece of evidence of Washington's warlike policy and its intensification of the arms race and has exposed its hypocritical face while it claims support for peace and disarmament, it stubbornly opposes the aspirations for peace of the peoples of various countries.

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CSO: 4209/282

**AGREEMENT WITH SOVIETS ON EMULATION MOVEMENT CONCLUDED**

**BK141358 Hanoi Domestic Service in Vietnamese 1100 GMT 14 Feb 87**

[Text] According to a report by the Voice of Vietnam radio correspondent, this morning in Hanoi, the Vietnam Confederation of Trade Unions and the Soviet Embassy in Vietnam concluded an agreement on the guidelines, tasks, and organization of the Vietnamese-Soviet socialist international emulation movement for 1987.

On behalf of the WCTU and the Soviet Embassy, Comrade Vu Kim Quynh, member of the WCTU Secretariat, and Comrade (Uryski), counselor of the Soviet Embassy, signed a general agreement on the guidelines, tasks, and organization of the socialist international emulation movement for 1987 at the various project sites, and in the various production, research and cooperation units between Vietnam and the Soviet Union, in order to commemorate most worthily the 70th victory of the Great Socialist October Revolution and to welcome other great festivals of the peoples of the two countries.

The agreement stipulates the guidelines, tasks, and principles for organizing and mobilizing the emulation movement, and the coordination between the Vietnamese and Soviet trade unions in order to further improve the Vietnamese-Soviet friendship emulation movement along the line of attracting more collectives and individuals into the movement. Emphasis will be placed on the aspects of effectiveness, quality, thrift, labor safety, improvement of the material and moral lives of worker collectives, thus contributing to the implementation of the Sixth CPV Congress resolution.

The WCTU and the Soviet Embassy in Vietnam have decided on the titles and awards for outstanding units and individuals under the Vietnamese-Soviet socialist international emulation movement for 1987.

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## TRADE UNIONS, SOVIET EMBASSY LAUNCH EMULATION DRIVE

BK150900 Hanoi Domestic Service in Vietnamese 0500 GMT 15 Feb 87

[Text] In Hanoi on 14 February, representatives to the Vietnam Confederation of Trade Unions [VCTU] and the Soviet Embassy in Vietnam signed the minutes of their agreement on the main guidelines and principles to be applied in organizing an international socialist emulation movement on various projects of Vietnamese-Soviet cooperation in 1987 to commemorate the 70th anniversary of the Great October Revolution.

The chief purpose of the movement is to continue strongly motivating Soviet specialists and Vietnamese cadres, workers, and combatants currently taking part in the building of various projects of Vietnamese-Soviet cooperation to produce export goods for the Soviet Union and to make every effort in successfully fulfilling their plans and friendship emulation commitments. Specifically, they should strive for a rational and economical use of supplies and energy, an enhancement of work quality and economic efficiency, and strengthening of labor and production discipline. The agreement put particular emphasis on the efforts to make full use of the designed capacity of various factories and enterprises which were recently built, renovated, or expanded, and on the exchange of progressive experience and improvement of technical standards. On this basis, attention will be paid to renovating the purposes, measures, and forms of organization of emulation movements, thereby making positive contributions to further raising the effectiveness of Soviet-Vietnamese cooperation and promoting a continual emulation movement in a steady and regular fashion.

The VCTU and the Soviet Embassy reached agreement on the people entitled to participate in the emulation movement, on the division of responsibilities for the organization of emulation activities, and on the awards to be conferred on outstanding units and individuals. They have officially launched the new emulation drive to score achievements in honor of various Soviet and Vietnamese anniversaries in 1987, especially the two major festive days: the SRV national day on 2 September and the 70th anniversary of the Great October Socialist Revolution.

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**LONG AN PROVINCE PROVIDES ASSISTANCE TO PRK PROVINCE**

**BK151506 Hanoi Domestic Service in Vietnamese 0015 GMT 15 Feb 87**

**[Article by (Pham Huy Thinh): "Shoulder to Shoulder, Long An and Svay Rieng Are Moving Forward"]**

**[Summary] "Right from the early days after the liberation, according to the tradition of close fraternal solidarity between Vietnam and Cambodia, the people of Long An Province have promptly shared the heavy burden that the people of the Cambodian Province of Svay Rieng have to bear as a result of the Pol Pot genocide. The tradition of sharing the weals and woes, as frequently recalled by the people of Svay Rieng, are precisely the timely and realistic support given by their sister Province of Long An to the economic and welfare recovery of Svay Rieng over the past 8 years."**

**Agriculturally, "hundreds of Lotus farm instruments, Rang Dong pumps, and paddy thrashers, and hundreds of metric tons of fertilizer and insecticide sent by the people of Long An as aid to the people of Svay Rieng have contributed to helping Svay Rieng build golden ricefields and overcome its 1979 starvation and its 1981 drought. The high-yield IR-38 and Mong Nghiep-8 rice varieties sent in from Long An since 1978 have been multiplied. They were planted in a large area of 140,000 hectares in the 1987 rainy season and it is expected that they will yield 1.3-1.6 metric tons per hectare—the biggest output ever."**

**Many animal species that yield higher meat output or provide higher draft force have also brought in from Vietnam for breeding to serve production and life. Svay Rieng now has a cattle population of 150,000 head, three times as many as before the liberation; 200,000 hogs, and millions of head of poultry.**

**Long An Province has also sent many cadres to help Svay Rieng conduct surveys and work out plans to exploit 17,000 hectares of jungle for export purposes.**

**In addition, Long An Province has also helped Svay Rieng consolidate its traditional small-industry and handicraft establishments and its public health activities.**

**"In the period ahead, the two provinces will sign economic contracts to help each other in the technical field and will join each other in developing**



production and improving the welfare of the cadres and people of the two provinces. Side by side, they overcome difficulties and together, they achieve mutual growth. These are the guiding thoughts of the relations of cooperation between the two sworn brotherly Provinces of Long An and Svay Rieng."

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## **RADIO MARKS SRV-PRK FRIENDSHIP TREATY**

**BK181031 Hanoi Domestic Service in Vietnamese 1430 GMT 17 Feb 87**

**[Unattributed "article": "Relations of Cooperation Between Cambodia and Vietnam--Initial Results and Fine Prospects"]**

**[Text] The ties of cooperation between Cambodia and Vietnam have been built on the principle of total equality and respect for each other's independence, sovereignty, and territorial integrity, and on constant efforts to strengthen militant solidarity and mutual assistance in all fields with a view to build national prosperity and a happy life for the people of each country. That Cambodia and Vietnam grew up and signed a bilateral treaty on national border demarcation on 27 December 1985--a historic document of profound political significance--was a concrete result of the adherence to the principle of total equality and respect for each other's independence, sovereignty, and territorial integrity. With this historic treaty, the two countries have set up a border of lasting peace and friendship, and the complicated problems left behind by history and often seized upon by the enemy to incite hostility have been done away with.**

**It is also on the basis of this treaty that the two fraternal countries have been able to carry out their plans of socioeconomic development, providing each other with assistance in all fields for the interests of the people in each country and the interests of the three Indochinese peoples as a whole. This is a fundamental and long-term issue. Since 1983, the relations of cooperation between Cambodia and Vietnam have developed with a new quality. The two countries have set up an economic and cultural cooperation commission to help the Council of Ministers supervise cooperation efforts. The various ministries, sectors, and provinces have set up their own organizations to meet the objective requirements of cooperation. The cooperation commissions representing their governments meet regularly every year to study and review the implementation of plans for the previous year and draw up and sign plans and programs for cooperation in the new year.**

**On the other hand, through meetings held between the various sectors and localities of the two countries, the two sides have developed a better understanding of each other in resolving specific problems. At present, although much remains to be studied and experience to be drawn, cooperation has extended to all fields of activities, covering all sectors of the national**

economy as well as cultural, artistic, and physical education and sports sectors from the central to local level, and in some localities, to basic units, districts, and village sharing the border. Aid and cooperation designed for a certain crop season or work project have been upgraded to planned cooperation based on protocols, agreements, and annual planning coordination. The method of cooperation calls for cooperation and assistance between sectors and localities. The forms of cooperation include coordinated investments, labor contracts, paid services, contract tendering, trade representation, and market introduction. As an initial step, the two sides have agreed on a number of formulas and policies for cooperation covering such aspects as goods exchange, labor cooperation, credit, and settlement of payments and jointly discussed ways to create the premises for further improving the effectiveness of cooperation.

To date, many projects have been and are being completed in Cambodia to exploit and develop the strong points of its economy such as agriculture, forestry, fishery, rubber, other industrial crops, and so forth. This is how Vietnam is helping Cambodia. The exchange of goods between the two countries has increasingly developed to cover industrial goods and agricultural, forestry, and marine products, especially between Ho Chi Minh City and Phnom Penh and localities sharing the border. Helping Cambodia train scientific and technological workers and cadres is also an important feature of bilateral cooperation.

The results of cooperation between Cambodia and Vietnam over the past 8 years, especially since 1983, have been great and comprehensive. Nevertheless, these initial results have been low as compared with the potentials and requirements. In the 1986-90 planning period, the objective requirements of each country call for even more vigorous promotion of economic and cultural cooperation both in width and depth so as to satisfactorily tap the potentials for development of each country. The fourth Cambodia-Vietnam intergovernmental meeting held in January 1986 in Hanoi adopted the orientations for bilateral cooperation in the coming period, with attention focused on the programs for accelerating grain and food production on the basis of the 1986-90 agricultural development plan, developing agricultural and forestry products for export, exploiting natural resources and developing industry, developing communication and transportation, exploiting the Mekong River's resources, carrying out basic investigation and scientific research, training technical cadres and workers, and developing cultural and public health activities.

In the political report presented at the Fifth KPRP Congress, Comrade General Secretary Heng Samrin pointed out: On the basis of respect for one another's independence, sovereignty, and territorial integrity and in the spirit of complete understanding, mutual trust, total equality, and respect for the interests of the three countries, more effective cooperation and mutual assistance should be developed in all fields to ensure national defense, security, and economic and cultural development in each country. This is a heavy yet glorious responsibility of the Cambodian party and people. This is also an important factor firmly guaranteeing the cause of safeguarding

national independence and building and developing the economy and culture so as to advance Cambodia step by step to socialism.

The resolution of the Sixth CPV Congress, in the part dealing with foreign affairs, pointed out the need to develop and consolidate the special relationship among the three countries of Vietnam, Laos, and Cambodia; to promote solidarity among them and respect for the independence and sovereignty of each country; and to effect comprehensive cooperation and mutual assistance in national construction and defense.

On the basis of the Vietnam-Cambodia Treaty of Peace, Friendship, and Cooperation signed on 18 February 1979 and with the fine results already recorded and the orientations and tasks established for the years ahead, it is certain that the special ties of cooperation between Vietnam and Cambodia will develop even more satisfactorily in support of national construction efforts in each country and also of the cause of building up the strength of the three Indochinese countries--the factor guaranteeing peace and stability in Southeast Asia.

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## COOPERATION STRENGTHENED BETWEEN HO CHI MINH CITY, PHNOM PENH

BK190741 Hanoi Domestic Service in Vietnamese 0015 GMT 19 Feb 87

[Text] In late November 1986 the friendship store in Phnom Penh was commissioned, thereby marking further progress in the solidarity, cooperation, and friendship between the two cities of Ho Chi Minh and Phnom Penh. Economic, cultural, and scientific cooperation between the two cities as well as the mutual assistance between central branches and sectors of Vietnam and Cambodia have contributed to helping these two cities score many achievements in economic, cultural, and social development programs.

In 1986, Ho Chi Minh City helped Phnom Penh survey, formulate plans, and build 10 projects. These included a transmitting station which was tested and commissioned on the commemoration of the 8th national day of Cambodia. Some other important projects are being accelerated after the exploratory stage such as a paper factory which can produce 300 metric tons of paper annually and a rice storage facility with a 20,000 metric tons storage capacity. Ho Chi Minh City also provided assistance to 13 units of agricultural, industrial, small industrial and handicraft, marine product, and communications and transportation establishments and sectors in Phnom Penh. It has also established joint ventures with Phnom Penh to optimally exploit available natural resources to promptly meet the local urgent requirements and improve the people's daily life.

The Cambodian marine product sector has begun engaging in fishery cooperation, especially in fish raising and processing of marine products. With assistance provided by Ho Chi Minh City's industrial sector, the Phnom Penh shipyard has resumed operation. It has built a 100-ton barge and is building another of 200 tons. Handicraft sectors of the two cities have also helped each other in tanning leather and producing leather products. Ho Chi Minh City's trade sector has continued supplying goods to the new trade center in Phnom Penh which was built with the city assistance in 1986.

In addition to helping Phnom Penh establish various programs for joint ventures and exchanges of goods between sectors, Ho Chi Minh City also sent many specialists to help the fraternal Cambodian people in other fields. In addition to assigning cadres to Phnom Penh to help and learn from their Cambodian friends on the spot, the city has also helped train and forge Cambodian cadres for such fields as information, culture, education, public

health, and trade. The city assigned four reformed opera troupes to perform in Phnom Penh which were highly admired by the Cambodian people. Many Cambodian volleyball teams have visited Ho Chi Minh City to participate in various friendly matches and Vietnamese teams have paid return visits. Through these friendly matches, peoples of the two cities have come to understand each other more profoundly, thus their friendship has increasingly strengthened.

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**RADIO FEATURE MARKS PKK TREATY ANNIVERSARY****EK181010 Hanoi Domestic Service in Vietnamese 0015 GMT 18 Feb 87****[Feature by Dao Nguyen]**

**[Text]** Out of devastation, the Cambodian people have rebuilt and are rebuilding their country. The comprehensive Vietnam-Cambodia cooperation has made no small amount of contributions to the Cambodian people's achievements over the past 8 years. This cooperation has become increasingly profound and fine with the fraternal sentiment of living and dying together and of sharing woe and weal.

Besides state-level cooperation, Vietnam's various sectors and provinces have fraternized with Cambodian sectors and provinces, through practical and fruitful action. In 1986, Vietnam has cooperated with Cambodia and helped it complete 60 technical services, 7 work orders, and 20 projects left over from the 1985 program. Moreover, the two countries have helped each other transport goods and train thousands of experts and technical cadres, workers, and engineers. It is hard to relate all the results of cooperation between our two countries in the past. We only mention here a few of the latest results.

The new (Kro Chang) and four-lane Friendship bridges in Prey Veng Province were recently inaugurated by the communications sectors of the two countries. The group of fishing trawlers of Kompong Som Province, which was set up with Vietnamese assistance, has allowed fishermen to catch 11,700 metric tons of fish during January 1987, a record figure. More than 10,000 hectares of new rubber plants and various plant nurseries were recently completed in Stung Treng Province, Battambang Province, and Phnom Penh, as well as in other localities. This is due to the fact that Vietnamese agriculture has met the increasingly large demands of its friend for restoring and developing its agriculture.

In 1986, Cambodia achieved more than 2 million metric tons of rice. It will strive to achieve a per capita quota of 300 kg of grain in 1987. This is a requirement of Cambodian agriculture and the responsibility of Vietnamese agriculture. Experts of both countries are paying particular attention to the development of industrial crops and have set up the two largest centers in Kompong Cham and Kandal Provinces. At the same time, Cambodia has cooperated

with the Soviet Union to set up the first rubber plant nursery in Battambang Province and to increase rubber productivity. It will continue to carry on crop development programs.

Vietnam has given Cambodia several types of rice seeds, including the IR-7 which Cambodian peasants like the most. The various seed stations are trying to produce quickly more of this type of seeds. Both countries have considered the production of seeds as one of the spearhead tasks in the field of agricultural cooperation and assistance between the two countries for the immediate as well as long-range future.

Another outstanding trait of Vietnam-Cambodia cooperation over the past 8 years lies in public health and education. In only a short period of time, the Phnom Penh Medical University has reopened. Vietnamese and Cambodian experts and professors have quickly standardized the operations of the university and have graduated the first classes of doctors and pharmacists to serve the Cambodian people. The Phnom Penh Teachers' College has also provided more and more teachers of both sexes to work in the general education network of Cambodia. Educational cooperation between Quang Nam-Danang and Battambang has been highly valued by Cambodia's education sector.

The past 8 years constitute a stage of vigorous growth of friendship and cooperation between Vietnam and Cambodia. It has effectively contributed to consolidating and developing the socioeconomic situation of each country. Together with the cooperation and assistance of the Soviet Union and other fraternal socialist countries, Vietnam's cooperation and comprehensive assistance to Cambodia have contributed considerably to the vigorous revival of the Cambodian people, making their position and strength ever greater and more powerful which nothing can reverse.

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BRIEFS

**ROAD CONSTRUCTION IN LAOS**—The construction of Route No 9 linking Central Laos and the central Vietnamese coast is underway with the assistance of Vietnam, the Soviet Union, and some other fraternal countries. In the recent emulation drive, Lao and Vietnamese workers have covered 54 km of this route with asphalt. Vietnamese road builders will strive to complete asphaltting another portion between Huang Phin and the area east of Səpone by 1988. [Summary] [Hanoi Domestic Service in Vietnamese 0500 GMT 16 Feb 87 BK] /9599

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## COLLECTION OF TRUONG CHINH'S ARTICLES PUBLISHED

BK100550 Hanoi Domestic Service in Vietnamese 1430 GMT 8 Feb 87

[Text] The Su That Publishing House has published SRV Council of State Chairman Truong Chinh's work "Renovation Is a Pressing Demand of Our Country and Our Times" on the occasion of the comrade's 80th birthday.

The publication of this important work is designed to meet the demand for supporting an indoctrination drive to make everyone thoroughly aware of the resolution of the Sixth CPV Congress.

The work "Renovation Is a Pressing Demand of Our Country and Our Times" is a collection of a number of important articles authored by Comrade Truong Chinh during the period leading up to the Sixth CPV Congress. It contains the following articles: "Firmly Grasp the Three Major Lessons in Order to Carry Out Successfully the Three Strategic Tasks," "Some Issues Concerning the Party's Economic Concepts," "The Small-Industry and Handicraft Sector Must Surge Forward to Meet the Demand for Renovation in the Current Stage," "As Masters of the Country, Let Us Move Steadily Forward," "Developing the Revolutionary Character and the Fine Tradition of the Armed Forces to Carry Out Satisfactorily the Two Strategic Tasks," and "Renovation Is a Pressing Demand of the Country and of Our Times."

In his articles, the author discusses the important achievements scored by our party and people in socialist construction and their great victories in the fight for national defense as well as in the fulfillment of their international obligations. The author also points out serious and lingering mistakes concerning major policies, strategic guidelines, the organization of work implementation, the ills of subjectivism and voluntarism, the simplistic and hasty ways of thinking and acting, the tendency to run after subjectivism, and the failure to firmly grasp and act according to the law of objectivism.

These are tendencies regarded either as left-leaning or right-leaning over the past years.

Comrade Truong Chinh mentions the major issues concerning both the party and the people such as the strategic guiding thoughts and economic concepts of the party in arranging the economic structure, in carrying out socialist transformation, in consolidating new production relations, and in renovating

economic management and specific tasks of national construction and defense in the current revolutionary stage.

In order to thoroughly understand the party's thoughts and concepts and to carry out successfully those tasks set forth at the Sixth CPV Congress, Comrade Truong Chinh raises a demand for renovation in various fields of activity of our entire party, people, and armed forces as well as of all sectors and echelons. The comrade points out: For our country, renovation constitutes a pressing demand and is a matter of life and death. Only through the renovation of our thoughts and actions and our way of thinking--especially economic thinking--through the renovation of our work style, and through the renovation of our organization and our cadre management can we escape from the current very difficult situation.

The work "Renovation Is a Pressing Demand of Our Country and Our Times" will certainly be able to help us thoroughly understand the spirit and the contents of the resolution of the Sixth CPV Congress.

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**TAY NINH CPV COMMITTEE STUDIES CONGRESS RESOLUTION**

**BK181610 Hanoi Domestic Service in Vietnamese 2300 GMT 17 Feb 87**

[Text] The party committee of Tay Ninh Province recently met to study the resolution of the sixth national party congress and to work out a program of action to implement the three major economic programs in the province.

The party committee decided to formulate three economic programs for Tay Ninh on the basis of the province's capabilities and in keeping with the spirit that the people must be considered as the roots and that the people have a right to know, to discuss, to do, and to control.

Under its 1987 grain and foodstuff program, the province will strive for 150,000 metric tons of paddy, 180,000 metric tons of cassava, 25,000 metric tons of groundnuts, and 40,000 metric tons of green bean. The province will invest in the intensive cultivation of sesame, green bean, rubber, tobacco, and coffee in the existing cultivated areas in order to increase their output. It will entrust the districts with the duty to work out production schedules, recheck the irrigation and drainage system, and guide the grass-roots units in carrying out intensive cultivation and multicropping of subsidiary food crops and short-term industrial plants on single-crop farmland. The province will pay attention to developing the cultivation of subsidiary food crops, a strength of Tay Ninh.

In 1987 in particular, the province will strive to grow 15,000 hectares of cassava, mostly in key districts such as Duong Minh Chau, Tan Bien, Chau Thanh, and Go Dau, where conditions are favorable for the planting, processing, and storage of this crop. Water conservancy work, a regular task, will be carried out more actively. In addition to the capital provided by the central government, Tay Ninh will make additional necessary investments to help various districts and cities quickly build and perfect their grade 3 canal systems. At the same time, the districts and cities concerned will also use their own capital and motivate the people to build water conservancy projects.

Along with the targets of crop yields and area, the province will also assign goods quantity norms to the districts, considering their fulfillment as a measure of the success of the socialist emulation movement. The province is determined to quickly increase the area of short-term industrial crops to meet



the demands of consumption and export such as groundnuts and soybeans. It will promote the planting and processing of corn and cassava and push forward cattle and poultry breeding to provide more food supplies for society.

Realizing that one of its current weakness is its underdeveloped small industry and handicraft sector, Tay Ninh decided to encourage the development of various handicraft branches and trades, especially those which do not require much capital investment, a high level of technology, and large amounts of supplies and which can make use of locally available raw materials. The province will make an effort to double the total output value of small industrial and handicraft goods as compared to that of 1986.

Concerning export goods, Tay Ninh will rely on its natural conditions to build areas specializing in the cultivation of crops for export such as groundnuts, cashew, and black pepper. To achieve this aim, the province will adopt an adequate investment policy, revise the purchasing prices of these crops, make the two-way goods supply more rational, make good use of the foreign exchange belonging to the units engaged in producing farm produce for export, and encourage families having relatives living abroad to ask the latter to send home goods that can be used to promote production. The province will also promote cooperation with various sectors at the central level and with friendly countries, especially with the sister province of Kompong Cham. This is aimed at earning foreign exchange for various state-run economic sectors. From now until the end of 1987, the province will export 17 million rubles/dollars worth of goods and import 13 million rubles/dollars worth of products.

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**NHAN DAN URGES SETTLEMENT OF NOMADS**

BK141031 Hanoi Domestic Service in Vietnamese 2300 GMT 12 Feb 87

[NHAN DAN 13 February editorial: "Combine the Settlement of Nomads with Socioeconomic Development in Mountainous Regions"]

[Text] The settlement of nomads is a major campaign of our party and state. Its purposes are to stabilize the livelihood of some ethnic minority people, protect the environment, develop production, and build a long happy life for the people of all nationalities in the mountainous regions as part of the national development program.

Over the past 10 years or so of the campaign, nearly 1 million ethnic minority people comprising 160,000 families have overcome difficulties to adopt a settled way of farming. The provinces of Quang Minh, Vinh Phu, Bac Thai, Ha Son Binh, Dong Mai, and Gia Lai-Cong Tum, and 20 districts have basically completed the campaign. In many areas where nomads have settled, production has developed effectively. Some cooperatives of settled nomads have become heroic units such as the Thanh Lam cooperative in Quang Minh Province, the Thanh Cong cooperative in Cao Bang Province, the Vien Son cooperative in Hoang Lien Son Province, and the Chi Su cooperative in Dac Lac Province.

The campaign to settle nomads is closely linked to the comprehensive development of mountainous regions in the political, economic, cultural, social, security, and national defense domains. This concept has not been thoroughly understood by many sectors and echelons. Consequently, the settlement of nomads is loosely guided and haphazardly assigned to the agriculture sector. Not only is investment in this sector still small, but it also has not been focused on targeted points and has not been used in combination with other funds from other sectors. Many systems and policies have not been implemented adequately. Other policies that should be amended and adjusted to suit the real situation have not been studied for timely publication. The results of the campaign have therefore been limited.

At present, the number of nomads is still large and mostly concentrated in areas with problems, especially the border areas. Therefore, the campaign in the coming years requires all sectors and echelons to vigorously change their thinking and knowledge, create favorable conditions, and take effective measures to complete the campaign within a short period of time.

The campaign to settle nomads is closely linked to the socioeconomic development of mountainous regions on the basis of zoning and planning, determining production guidelines, and fully developing the strengths of mountainous regions in general, and of each zone in particular. The settlement of nomads must also help implement the three major economic programs set by the sixth party congress. However, it is not because of the need to implement the grain and food program that the centers of settled nomads must balance their own demands for grain by growing rice. Attention should be paid to developing each type of crop and breed to fit the ecological conditions of each zone in order to stabilize livelihood and develop the production of goods.

The guidelines and scope for settled farming and settled life are to steadily reorganize the various centers of production and population in provinces and districts in order to cope with the two tasks of building and defending the socialist fatherland. The immediate task is to consolidate the completely built centers of settled nomads while creating and developing new centers following the pattern of good models that have been recognized. Effort and special attention should be focused on certain border provinces.

We should link the settlement of nomads to the building of new economic zones and the division of labor, allocate land and forests to cooperatives and peasants, closely combine economic development with the consolidation of national defense and security, meet the requirements of border defense, and assure security in outlying areas.

Using suitable forms and measures, state-run and collective economic units should primarily attract and recruit local people of all nationalities, allowing them to join the process of economic development as real and equal masters, while at the same time encouraging them to develop household economy. The local state-run and collective service installations are responsible for practically supporting the campaign. The installations in charge of settled farming and settled life should have sufficient material and technical bases to stabilize production and livelihood permanently. Depending on the conditions of each region, the infrastructures should be built first to serve production, processing, and life. Particularly, roads must be extended to each hamlet and village while small irrigation and electricity projects should be developed.

Together with state funds, the people of all nationalities should be motivated to contribute their manpower and wealth to building the centers of settled nomads along the line of cooperation between the state and the people. We must scrupulously implement the party-state systems and policies concerning the settlement of nomads, and urgently study and amend some policies to suit the present situation such as the balance of grain distribution, the policy of pricing agricultural, forestry, and special products, and the supply of materials and grain and the consumption of products in the centers of settled nomads.

The settlement of nomads should be revamped in the process of linking the campaign to the socioeconomic development of mountainous regions.

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## AGRICULTURE MINISTRY DIRECTIVE ON RICE PLANTING

BK131227 Hanoi Domestic Service in Vietnamese 1100 GMT 12 Feb 87

[Text] At the beginning of the 1986-87 winter-spring crop season, the warm weather has continued and the rice fields have been plowed dry. Rice seedlings have grown quickly. The early sown rice seedlings and some of the rice seedlings sown within the crop season have grown old. To ensure good yield a production volume of the winter-spring rice, the Ministry of Agriculture calls the attention of localities on the following points:

1. Inspect all the area of sown rice seedlings and transplanted rice. As regards those fields where seedlings have not been transplanted or have been re-transplanted, good quality seedlings of the right age must be used. Old seedlings must be resolutely discarded. Supplementary rice seedlings will be sown, using short-term strains. Since the season for sowing spring rice is still long, the transplanted rice that have grown ears must also be discarded and new seedlings be transplanted.
2. Discarded rice seedlings must be moved out of the rice fields that will be plowed and harrowed again for direct sowing or re-transplanting.
3. Continue to use the electricity allocated to agriculture in order to pump water into the rice fields and irrigate the transplanted rice. Apply additional phosphorous fertilizer to brackish soil.
4. Establish a system to allocate seed, fertilizer, and plowing machines to those areas where rice seedlings must be sown or transplanted again.
5. Take care of and clearly determine a work schedule for the draft cattle in order to have more draft force.
6. Take advantage of the time to plant and care for vegetables, secondary food crops, and industrial crops.
7. Send cadres to cooperatives to help solve specific problems on each rice field.

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## AGRICULTURAL PRODUCTION STATISTICS REPORTED AS OF 5 FEB

BK101432 Hanoi Domestic Service in Vietnamese 1100 GMT 10 Feb 87

[Text] Dear friends, as of 5 February, the southern provinces had reaped more than 1.1 million hectares of 10th-month rice or 83 percent of the cultivated area. Quang Nam-Danang, Nghia Binh, Phu Khanh, and the Central Highlands provinces have basically finished reaping the 10th-month rice. The Mekong Delta and eastern Nam Bo have finished reaping on nearly 80 percent of the cultivated area. Generally speaking, rice output is expected to average 35 quintals per hectare. Along with reaping the 10th-month rice, the southern provinces have, in recent days, concentrated efforts on planting the winter-spring rice. By 5 February, the entire country had planted 1.467 million hectares of rice, fulfilling almost 80 percent of the area plan, with the southern province covering more than 710,000 hectares or 90 percent of the plan. Except for Cuu Long and Tien Giang which have exceeded the area plans by 5.8 to 8 percent, other provinces are now striving to finish planting work on the remaining area. Slowest are the provinces of eastern Nam Bo which have finished only 30-40 percent of their area plans.

In the northern provinces, thanks to warm weather conditions in the past 10 days, labor has been mobilized to rapidly transplant the winter-spring rice. As of 5 February, more than 756,000 hectares had been put under rice. Ha Nam Ninh, Thai Binh, and the provinces of former Zone 4 have basically finished transplanting work.

It is worth noting that harmful insects and diseases have appeared in the newly transplanted winter-spring rice areas. In the south, more than 70,000 hectares of rice have been infested with insects and diseases. Although insects and diseases have been controlled on nearly 24,000 hectares, the affected acreage is generally tending to increase. In the northern provinces, some 3,000 hectares of newly transplanted winter-spring rice have been affected by rice blast, mostly in Ngha Tinh and Thai Binh. Brown leafhoppers have been reported to appear in many localities with a density ranging from 40 to 100 bugs per square meter. Also by 5 February, only 30 percent of the insecticides intended for use during the winter-spring crop season had been distributed.

At present, the northern provinces have almost finished reaping various types of winter grain and subsidiary food crops. According to initial reports, the

output of corn, potatoes, and sweet potatoes have all increased greatly over last year.

Along with planting the winter-spring rice, all localities are now continuing to step up the cultivation of spring vegetables, subsidiary food crops, and industrial crops.

In the coming period, the main tasks of the southern localities will consist of rapidly reaping the more than 500,000 remaining hectares of 10th-month rice, finishing the planting of winter-spring rice, and preparing gasoline, oil, and fertilizer for production in the summer-fall season.

The northern localities, along with planting spring vegetables and subsidiary food crops and preventing epizootics, should take advantage of the warm weather to rapidly finish planting the winter-spring rice. Except for some provinces such as Ha Nam Ninh, Thai Binh, and the provinces of former Zone 4 which have basically completed rice transplanting work, other provinces have only finished their area plans partially—such as Ha Bac, 63 percent; and Hai Hung, 53 percent.

Due to the prolonged spell of severe cold of past years, a number of localities had rigidly followed a seed cultivation schedule that turned out to be all too early; and the overgrown seedlings have not grown well after being transplanted. This situation is being positively overcome in some localities. For instance, Hai Hung Province has instructed districts and cooperatives to discard the overgrown seedlings and directly plant short-term rice of the CR-203, X-1, and other varieties in fields already treated with 60 percent of the organic fertilizer reserved for this season. Thai Binh Province, after basically finishing transplanting work, has held a conference to discuss measures for tending the spring rice in conditions of this year's unexpected warm weather so as to ensure high yield. In Hanoi, the municipal people's committee has also met to discuss measures for tending the spring rice crop. Other localities are watching this situation with concern.

Dear friends, according to the Meteorological and Hydrological General Department, following the severe cold spell that lasted for 3-5 days in late January 1987, the weather in the north has gradually become warmer in the past 10 days and more, with the daily median temperature going up sharply between 1 and 9 February. In the Bac Bo lowland and midland regions, daily temperature has averaged from 18 to 20 degrees Celcius; in the northern mountain regions, from 16 to 19 degrees Celcius; and in former Zone 4, from 19 to 21 degrees Celcius. The daily median temperature of all regions has been higher than that of previous years by 2-3.5 degrees Celcius. Generally speaking, it is rather cold in the morning and at night in the Bac Bo lowland and midland regions and the northern mountain regions; the sky becomes less cloudy at noon and in the afternoon; and the southeasterly wind blows at Force 2-3. This weather is very favorable for planting the 5th-month spring rice.

It is forecast that in the next 5-7 days, the weather will be warm in the north and the northern part of Trung Bo, and a prolonged spell of severe cold

is unlikely to develop. In the Bac Bo lowland and midland regions, daily temperature will average 18-19 degrees Celcius and, on some days, top 20 degrees--higher than the median temperature of past years by 2-3 degrees. All localities should take advantage of the warm weather to rapidly transplant the 5th-month spring rice seedlings that have reached transplanting age. It is necessary to avoid transplanting overgrown seedlings and properly care for the transplanted rice plants while taking positive precautions against possible severe cold spells in late February. Efforts must be made to finish transplanting on the entire area in accordance with the crop cultivation schedule and satisfactorily protect the rice already transplanted as required by the complex development of the weather conditions so as to ensure success for the 1986-87 winter-spring crop season.

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**BRIEFS**

**TAY NINH GRAIN COLLECTION**—As of 10 February, Tay Ninh Province had collected more than 21,100 metric tons of grain, fulfilling 96.2 percent of the plan set for the 10th-month crop season. Tay Ninh has guided all districts in satisfactorily carrying out this task, striving to collect 25,000 metric tons of grain by late March. [Summary] [Hanoi Domestic Service in Vietnamese 1430 GMT 16 Feb 87 BK] /9599

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## BRIEFS

**UNEMPLOYMENT IN HANOI**—The population growth rate of Hanoi still stands at 2.1 percent and its labor growth rate, 2.36 percent. More than 65,000 laborers are unable to find employment annually. In the agricultural areas belonging to 12 districts and towns, some 58,000 laborers do not hold steady jobs. To overcome the difficulties in labor management employment at an early date, Hanoi has paid attention to redistributing labor and population among its various suburban districts and send a large labor force to newly reclaimed lands in Lam Dong. [Excerpts] [Hanoi Domestic Service in Vietnamese 0500 GMT 14 Feb 87 BK] /9599

**UNEMPLOYMENT IN NGHE TINH**—At present, Nghe Tinh Province has a 1.395-million-strong social labor force with laborers of prime age accounting for more than 93 percent of the total. Even with the birth rate brought down to a reasonable percentage, the province will have more than 1.6 million social laborers in 1990. Although a large labor force is required to practice intensive crop cultivation and multicropping, to expand the areas put under export crops which are the local strong point, and especially to upgrade the summer-fall and fall-winter crops into main annual production seasons with peanuts being developed into a main crop for export, some 40,000 laborers remain unemployed every year in Nghe Tinh. In light of the sixth party congress resolution, the province has drawn upon many lessons from past experience in the distribution and employment of labor, especially agricultural labor, and is effecting new measures to carry out this task successfully in the coming period. [Excerpts] [Hanoi Domestic Service in Vietnamese 0500 GMT 14 Feb 87 BK] /9599

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